Halifax Regional Municipality (HRM)
A Performance Review of Employee Absence Leave©

April 2014

AUDITOR GENERAL
Halifax Regional Municipality

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Preamble

This project extends from the current (2013-2014) work plan as well as previous work completed by the Office of the Auditor General (OAG) which looked at situations where, for example, the use of overtime was required to supplement time lost and hence productivity due to various types of absences.

With recent national media discussion on the use of sick leave and sick leave benefits (accumulation of days and payouts on retirement) within the public sector, the OAG felt it timely to further review the use of leave within HRM.

As a project this review will consider absences related to illness however the OAG will also examine certain other discretionary leave entitlements used throughout the Halifax Regional Municipality (HRM) as well as selected HRM entities governed by an agency, board or commission (ABCs).   For this review the OAG is defining illness based on the Statistics Canada measure of time lost for personal short term and long term illness (LTD is excluded when not paid by employer) as well as absences for family responsibilities (caring for children, relatives and other personal or family responsibilities).

For brevity, throughout this report the OAG will refer to the HRM business units and selected ABCs collectively as business segments.

Objectives

The objectives of this review were to examine the trends, use and accumulation of leave time within HRM's business units, Halifax Public Libraries and Halifax Regional Water Commission to understand the overall processes, applications and effectiveness of attendance management at HRM.

 Lines of Enquiry:

1. To review and comment on use of leave by employees (including sick and family emergency, earned days off, bereavement and other leaves with pay) with respect to efficiencies of operations.

2. To review and comment on the efficiency and effectiveness of individual business segment processes and requirements for accurate recording and reporting of leave time.

3. To review and comment on how leave is accumulated by employees and residual financial costs of sick leave balances.

4. To understand the overall process, application and effectiveness of the HRM Attendance Support Program.

Scope

The OAG reviewed leave taken between January 1, 2010 and July 31, 2013, for all HRM business units as well as ABCs where employment exceeds 50 fulltime employees. The ABC entities included are as follows:

Halifax Public Libraries (HPL)
Board of Police Commissioners (HRP)
Halifax Regional Water Commission (HRWC)

Throughout this report the OAG when referring to HRM and leave use, includes HRM business segments, Halifax Public Libraries, Halifax Regional Police and Halifax Water collectively, unless otherwise stated.

The leave categories reviewed include:

Sick and medical leave, including emergency leave[1]
Earned days off
Other discretionary leave
Bereavement leave

Leaves relating to vacations or time off in lieu of overtime were not included in the scope of this review.

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[1] Throughout this report, the OAG will refer to sick leave, family leave and emergency leave as sick leave for simplicity.

Methodology

The methodology for conducting this project included the following:

1. Extracted source data from HRM SAP system for the scope period of January 1, 2010 – July 31, 2013. The data for January 2013 to July 2013 was then extrapolated to the end of the year (December 2013) for comparison purposes.

2. Obtained definitions of attendance leave types used.

3. Obtained source data from Halifax Regional Water Commission.

4. Held meetings where required with business segments to establish each business segment's use and definition of leave and how the attendance management program was implemented within the business segment.

5. Held meetings with Human Resources on the attendance management program implementation and the criteria used for identifying employees included under an attendance management program.

6. Benchmarked internally and externally:
   a) Identifying to the extent possible, key performance indicators with respect to leave.
   b) Benchmarking took place on an HRM average basis followed by more specific benchmarking by, for example, business segments and employee groups, followed by further benchmarking by other measurables such as whether an employee is unionized or not and by specific bargaining units.

Performance Matrix Framework

Public Sector Responsibility to Demonstrate How Value for Money is Achieved

Performance Matrix

It is the view of the OAG and many others, all programs in the Public Sector which use taxpayers' funds, must be able to be assessed against a performance matrix. The purpose of the matrix is to evaluate one or more components of value for money and to clearly demonstrate the level of value for money achieved in terms of stated objectives.

As the OAG has pointed out in other reports released to date, value for money can be assessed in terms of efficiency, effectiveness or economies or some combination of the three. The OAG has also written extensively on how value for money can be commented on either from an actual outputs perspective (results-based) or a planning and management functions approach (systems or controls-based).

Many people who describe value for money speak of it in terms of inputs and outputs and provide broad commentary around either or both of these elements without having used an appropriately described framework. The framework should include proper discussion around how the inputs, management functions, outputs and outcomes components must work together in order to demonstrate value for money. If value for money is referred to in too broad a context, readers and more importantly management, may agree with the conclusions but struggle where to make adjustments in order to achieve value for money or a higher level of value for money.

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Demonstrating Value for Money

The OAG felt in order to take the work of the office to a higher level, time should be invested in capitalizing on the experiences of the office to date and the knowledge gained in defining and commenting on the level of value for money achieved.

To accomplish this objective, and to provide more meaningful analysis and commentary, the OAG developed a performance matrix detailing the steps management should use when designing a program, to fulfill the key responsibility of demonstrating value for money and how it can be consistently measured.

The OAG feels through the use of the performance matrix and an evaluation of how well management followed the matrix, far better commentary can be provided and taxpayers will receive much better assessments with which to judge the policies and their implementation by management.

In abbreviated form, with specific application to sick leave, the performance matrix contains the flowing steps:

1. Define clearly the objectives of the program, service or process. Failure to do so will result in ineffective management functions, with the identified need not delivered. It is the view of the OAG, if there is failure at this step, value for money cannot be achieved.

The OAG cannot state enough, in order for outcomes to be understood and measured, the stated objectives of the program leading up to the expenditure of public funds must be absolutely clear.

Should this not be possible or happen, it is the view of the OAG the results remain as nothing more than outputs which are, for the most part, simply random events, and are not repeatable on a consistent basis.

2. Outputs must also be clearly defined and measurable. The outputs must be directly linked to desired outcomes which are objectives described in some numerical fashion.

The next step deals with ensuring, after the objectives of the program are understood, they are stated as specific outcomes. Once it is determined the objectives can be stated in terms of outcomes, the question of measurement is then relevant.

3. The 'right' inputs must be determined to ensure when management functions are applied the desired outputs are obtained.

4. The assignment of inputs should then take place. Management must decide how many available 'right' inputs it feels are needed to achieve the desired outcomes.

In terms of inputs, three issues can cause value for money not to be achieved. These are:

➢ Not using the appropriate inputs in order to achieve the desired outcomes (likely a failure in planning)
➢ Not acquiring the inputs at the lowest possible price (likely an economic failure)
➢ Using too many inputs to achieve the desired outcomes (likely a failure due to ineffective management)

5. The design and delivery of processes or actions (functions) which will convert the inputs into outputs.

6. Determine the basis for demonstrating performance-effectiveness, efficiency, economy.

7. Select the most appropriate indicators of performance-KPI's.

8. Set performance targets.

9. Determine appropriate benchmarks to compare KPI's against performance targets.

10. Determine the appropriate process and format for reporting.

11. Establish processes and mechanisms to facilitate corrective actions.

Executive Summary

Approach to this Project Using the OAG Performance Value for Money Flowchart.

When the OAG attempted to evaluate the HRM sick leave policies and management functions on a performance basis, it immediately became apparent this type of evaluation was going to be difficult.

After careful consideration, the OAG concluded, it would be necessary to approach a value for money review of sick leave from a different perspective. That is to say, the approach could not be the value of the sick leave itself, rather what the design, application and results measurement of a high value for money program should look like.

The basis of the OAG evaluation was in many ways a bottom-up approach to the flow chart. To begin, the project benchmarks were determined and were essentially the basis for the specific lines of enquiry adopted.

- ➢ The OAG first applied the benchmarks chosen using a global perspective by looking at HRM trends and then by comparing the organization as a whole against Statistics Canada data. This analysis caused the OAG to reach certain initial conclusions which warranted a more in depth analysis.
- ➢ The OAG then performed a comparison by business segment. Through this comparison significant variation in the amount of leave taken between business segments was found, some of which were much higher than the average leave for the organization.
- ➢ These variations were analyzed to determine possible contributing factors. The level of unionization, employee age and occupational differences were all identified as potential drivers for the variation in leave taken by business segment.
- ➢ In analyzing the variations among business segments the OAG also found differences in the following:

- types of leave available,
- accumulation of leave available and
- incentives used to promote leave banking.

➢ Due to the significant amount of variations at the business segment level, the OAG then reviewed the management systems currently in place to manage work absences. The OAG found there is not a universal approach to attendance management at HRM. From this conclusion, the OAG was then able to apply the value for money framework to specific aspects of the program and make comments and recommendations around the HRM's ability to demonstrate value for money.

Value for Money Not Maximized Due to Poor Program Planning and Design

The OAG is of the view much of the failure in demonstrating value for money is a result of poor planning and therefore, an ineffective design of the inputs, process and outputs model (strategy document). The reason the OAG makes this statement relates directly to how well the planning for this program appears to have been done. As noted above there is a need for clear objectives leading to clear and intended outcomes.

Value for Money Not Maximized Due to Lack of Clear Objectives

It is interesting no strategy document appears to exist at HRM for sick leave. With no strategy, it is difficult to imagine appropriate objectives exist. It is the view of the OAG, even after interpreting the limited information available as liberally as possible, the objectives of the program are far too vague and broad.

HRM has failed in its planning, having failed to thoroughly identify objectives which are supported by the inputs, process and outputs model.

The stated objective is described not as an acquired right, but an indemnity benefit to help protect the income of employees through periods of absenteeism due to illness or non-workplace injury. The objective does not describe what level of protection is to be afforded and how this amount was determined.

What is interesting to the OAG is, despite having many relatively similar employee groups across HRM, established sick leave entitlements have been applied across employee groups very differently. The rationale for these differences is not described by HRM in specific objectives and outcomes.

It follows then, if objectives are not clear, it will automatically cause the remaining two elements of the performance matrix to fail as the leave inputs and process needed to convert the inputs to the desired outcomes would not be clear.

Value for Money Not Maximized Due to Not Always Using the Right Inputs

Many would say, the objective around sick leave entitlements is clear, being to protect an employee from financial hardship resulting from temporary absences from the workplace due to illness, yet many of the inputs currently used would not result in that outcome.

The OAG supports this position using the results of analysis contained within the report. For example, sick leave entitlements, outlined in Exhibit 21 of this review, identify the levels of sick leave entitlements throughout HRM employee groups.

To understand the point being made by the OAG, it must be remembered, the overarching rationale behind these sick entitlements is to provide a level of protection to HRM employees in the case of short-term injury or illness.

Access to All Benefits Under the Various Sick Leave Policies in Place at HRM is Not Equitable to All

One of the emerging dialogues which are taking place with respect to performance measurement is the question of whether all programs are available on an equitable basis. This lack of equity speaks to ineffectiveness.

The OAG has observed forms of payouts for accumulated sick leave banks or annual non-use of sick leave. This indicates the system is once again not achieving value for money, as the payments are not

made due to illness, rather they are being made due to lack of illness. It would appear these established entitlements are providing an inequitable form of compensation or remuneration.

It must also be remembered, at HRM a great deal of sick leave entitlements are negotiated and the result is dependent on negotiating power. Some components of the workforce can more actively negotiate than others.

For example, it appears to the OAG certain sick leave related entitlements for Halifax Regional Police Association (HRPA) far exceed those available to other employees. HRPA members, upon retirement and in conjunction with the level of accumulated sick leave bank hours, have a payout of up to $10,000 which is placed in a medical trust to be accessed by the employee at their discretion. In addition to their accumulated sick leave bank payout, HRPA employees are also entitled to the 90-day pre-retirement leave; an incentive extended to the rest of the organization[2].

Value for Money Not Maximized Due to Not Always Using the Right Benchmarks

In order for an evaluation of value for money to take place, appropriate performance measures and targets have to be established followed by the identification and development of appropriate, readily available benchmarks. Clearly, the data within this report will support the OAG's conclusion, little meaningful and useful benchmarking is taking place.

The measurements used to assess the sick leave program are, in the opinion of the OAG, often not appropriate benchmarks. Through the review of sick leave, the OAG has determined the current model which employee absenteeism is measured against may not be appropriate. HRM, HRWC and HPL currently have models in place which evaluate absenteeism across individual employee groups. Although the OAG does agree, value may be found in comparing an individuals' attendance to their peers, it would not appear reasonable for this measure to be the sole driver of attendance support.

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[2] HRWC, unlike HRM and HPL, have a pre-retirement leave incentive of up to 6-months as opposed to the up to 90-day pre-retirement extended to the remainder of the organization.

Effectiveness of the Program Questionable as Program Impacts Not Tied to Outcomes Supported by Key Performance Indicators

The OAG finds it disturbing the overall use of sick leave in HRM has increased over the period under review.

One of the measures of effectiveness is the impact a program is having. With all of the inputs and management functions contained within the sick leave program, it is hard to think, with increasing sick time being taken, the program is one of high impact. Hence, this lack of effectiveness fails to maximize value for money.

In order to measure impact, meaningful key performance indicators need to be determined which can be used to measure actual outputs against benchmarks to assess the level of outcomes achieved compared to those articulated in performance targets. The OAG has described strong benchmarks as needing to be relevant, reliable, timely and complete.

After completing this project, the OAG is of the view much of what the sick leave program is measuring is really nothing more than internal comparisons which do not meet the characteristics of a strong benchmark. In the absence of strong benchmarks, the OAG once again concluded the potential for value for money to be maximized has been lost.

Value for Money Not Maximized Due to Poor Systems Design

The OAG would also conclude, there are issues with systems and reporting which also make supporting value for money difficult. The OAG would point to the significant effort which had to be undertaken to obtain the information contained within the report as well as "mine" the data for information which could be used to benchmark with or against. It is the view of the OAG a well-designed system which produces appropriate data would have pointed out many of the value for money issues the OAG is now reporting on.

As with previous reports, the OAG was forced to commit significant efforts to obtain appropriate data sets from the HRM SAP system. Significant efforts were also required to obtain data from HRWC. It took many days to extract and provide data to the OAG.

The OAG is aware of summary data being available, however given the effort needed to provide information required for the level of review required for this report and therefore to assess value for money, the OAG questions:

  ➢ If management is capturing the correct data and utilizing the data in a manner which can assess the quality and total cost of inputs (not economical)
  ➢ Whether the lowest number of inputs are being applied to achieve the resulting outputs (not efficient)
  ➢ Whether the combined inputs and management functions are achieving the planned outcomes (not effective).

Conclusion

The HRM attendance support program notes to managers and supervisors "the quality of the data is only as good as the quality of the time sheets submitted for data entry".[3] The OAG could not agree more. As the OAG has stated in previous work, good data is crucial for making effective management decisions. If we apply the characteristics of accurate benchmarks to desired outcomes, the OAG concludes HRM is not provided with relevant, reliable, timely or complete information required to make efficient, effective or economical management decisions regarding HRM sick leave. Once again, the OAG has concluded these factors, coupled with the factors identified above, eliminate the potential of value for money to be demonstrated.

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[3] HRM Attendance Support Program, December 2008

Summary of Recommendations

1.0.1   The OAG recommends HRM's Administrations work together regarding the use of sick leave within their organizations in order to identify the factors which are the key drivers of sick leave use for the various business segments within HRM. (Page 27)

1.0.2   Once the key drivers have been identified, the OAG recommends the Administrations determine the appropriate benchmarks against which these drivers can be compared. (Page 27)

1.0.3   Once Recommendations 1.0.1 and 1.0.2 have been implemented, the OAG recommends the Administrations determine and implement a process for ensuring the appropriate data is captured and made available for appropriate reporting on performance. (Page 27)

2.0.1   The OAG recommends HRM Administration immediately undertake a full and comprehensive review of the factors impacting staff within the ATU and CUPE 108 employee work groups in order to identify the drivers of the significant sick leave usage in these areas. (Page 39)

2.0.2   Once the factors have been identified from Recommendation 2.0.1, the OAG recommends HRM Administration take immediate steps to address the resulting issues in a way which addresses employee health and wellness as well as ensuring value for money for HRM taxpayers. (Page 39)

3.0.1   The OAG recommends HRM Administration and HRWC Administration implement corporate tracking and reporting of all time worked to earn and leave taken as EDOs, to ensure time is accurately tracked as earned days off or compressed work week. (Page 44)

3.0.2   The OAG recommends HRM Administration review the time tracking codes currently in use and consolidate redundant codes to ensure consistent reporting and improve time management. (Page 44)

3.0.3   The OAG recommends HRM Administration re-define Emergency Leave in an effort to eliminate confusion in its use and allow for consistent application across the organization. (Page 45)

3.0.4   The OAG recommends HRM Administration revise the appropriate leave policies to clarify the use of employee designated leave for the care of family members. The OAG is not recommending HRM Administration disallow the use of employee sick leave for the care of family members, but rather, adopt a clear and consistent position and communicate it to all employees. (Page 45)

3.0.5   The OAG recommends HRM Administration and HRWC Administration track variations of sick leave, for example medical / dental appointments, family sick leave (should it be allowed see Recommendation 3.0.4) and other uses to better understand, report on and respond to how sick leave use is consumed throughout HRM. (Page 45)

3.0.6   The OAG recommends HRM Administration implement a process for reviewing all leave types taken, including Bereavement Leave for reasonableness and appropriate usage. (Page 45)

4.0.1   Given much of what the OAG has learned about sick leave entitlements as a result of this report, the OAG strongly recommends HRM, HPL and HRWC Administrations clearly identify the purpose and objective of sick leave provided for and conduct a complete 're-think' of the model used to determine the appropriate amount of sick leave availability. For example, how is the optimal amount of sick leave determined? Management must in all cases be able to demonstrate how it determined the 'optimal' amount of sick leave so available inputs are maximized as is taxpayers' value for money. (Page 47)

4.1.1   The OAG recommends HRM Administration review the use of unpaid sick leave by employee work group, identify the factors contributing to the need to take unpaid sick leave and determine if they relate to the purpose of the program. (Page 50)

4.1.2   Once the drivers or contributing factors have been identified (Recommendation 4.1.1), the OAG recommends HRM Administration establish processes and mechanisms to assist employees who are in these situations, as appropriate, with consideration of the objectives of the program and an overarching requirement to ensure value for taxpayer money. (Page 50)

4.2.1   The OAG recommends the Administrations review the variety of pre-retirement leaves available with consideration to both how they align with the sick leave benefit program objectives and provide justification for the differences by work group. The overall goal of the review would be to ensure inconsistency only occurs when there is a reasonable and justifiable reason for the inequity and to ensure the benefits offered are consistent with the objectives of the paid sick leave program. (Page 52)

4.3.1   The OAG recommends HRM Administration review the non-use sick leave incentive currently in place at HRWC and determine if it would be appropriate and beneficial, from a productivity perspective, to implement a similar model within other areas of HRM. (Page 56)

5.1.1   The OAG recommends the Administrations work together to develop a common objective which can be further described in terms of outcomes for the attendance support program. All of the current leave entitlements made available to employees should then be identified and described under this program. (Page 65)

5.1.2   The OAG recommends the Administrations develop a universal approach to attendance management where the goals are improving overall attendance and understanding the unique drivers of increased use of sick leave within individual business segments and employee groups. As part of this recommendation, the OAG suggests HRM defer the implementation of the draft program and instead focus on working with HPL and HRWC to determine and articulate what the goals and objectives of the program are and how success will be measured. (Page 65)

5.1.3   Once Recommendations 5.1.1 and 5.1.2 have been implemented, the OAG recommends the Administrations develop sufficient and appropriate processes to monitor and report on the use of the entitlements provided in support of the defined program objectives. (Page 65)

5.1.4   If HRM Administration continues to implement the proposed ASP, the OAG recommends Management ensure the necessary resources are in place to monitor, address and counsel the increased number of employees flagged for attendance management within the proposed attendance support program. (Page 66)

Detailed Findings and Recommendations

1.0   HRM Organization as a Whole - Leave Utilization Benchmarked to Statistics Canada Data

In this project, the OAG is interested in providing commentary with respect to the effectiveness and efficiency of HRM's management of work place absences.   One approach to achieving this is to compare HRM staff use of sick leave against benchmark data. When determining what specific benchmarks to use, the OAG considered a number of factors but determined the Statistics Canada average data for all sectors provided an appropriate benchmark as it covered the range and variety of occupations and work types occurring at HRM and took into consideration that inherently working for a municipality versus any other organization is not a driver of illness. Simply put, staff do not become any more or less sick because they work for a municipality so the nature of the organization (municipal government versus private industry) should not be a driver of illness in employees. As such the Statistics Canada average data for all sectors provides a reasonable benchmark.

As a starting point, the OAG compared HRM information against Statistics Canada reporting [4]for the years 2010 and 2011. Please note that throughout this report, the OAG will refer to sick leave, family leave, and emergency leave as sick leave for simplicity and comparability.

Statistics Canada calculated leave using an 'inactivity rate' defined as hours absent divided by hours usually worked. The inactivity rate is then multiplied by 250 (estimated number of working days per year) to determine the 'days lost per worker'.[5] A summary of Statistics Canada data for 2010 and 2011 is provided in Exhibit 1.

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[4] Work absences in 2010, published May 25, 2011 and Work absences in 2011 published April 20, 2012.
[5] The Statistics Canada Days Lost per Worker measures time lost for personal short term and long term illness (LTD is excluded when not paid by employer) as well as absences for family responsibilities (caring for children, relatives and other personal or family responsibilities).

Exhibit 1 – Statistics Canada Private / Public Sector Days Lost per Worker, 2010- 2011

	2010	2011
All Sectors	9.1	9.3
Private sector employees	8.2	8.2
Public sector employees	11.8	12.9
Public sector administration[6]	11.8	12.8
- Federal sector employees	13.3	15.2
- Provincial sector employees	12.0	11.9
- Municipal sector employees	9.6	10.5

At a glance, the data indicates for 2010 and 2011, the average private sector employee had 8.2 days absent due to either illness or personal or family responsibilities. In comparison, the average public sector employee lost 11.8 days in 2010 and 12.9 days in 2011. The days lost by sector categorizations shown in Exhibit 1 increased year-over-year in all categories except private employees and provincial employees. Summary data from Statistics Canada indicates the days lost per worker for all sectors has been between 8 and 10 days per year since 2001.

Following the methodology used by Statistics Canada, Exhibit 2 shows the OAG estimates of the overall HRM days lost per worker for 2010 to 2013. In addition Exhibit 2 below shows the total annual sick leave taken by HRM employees in terms of FTEs[7].

Exhibit 2 – HRM Average Sick Days and Equivalent FTEs, 2010-2013

	2010	2011	2012	2013*
Average Sick Days per Employee	9.5	10.1	11.3	11.7
Equivalent FTEs for Sick Time Used	153	167	177	185

*2013 data extrapolated – see Methodology section

Although the HRM days lost per worker compares well with its peers (other public sector employees), there is room for improvement.

The data shows the employee days lost per worker are 13% less for private sector employees than HRM employees for 2010 and 18% less for 2011. Although the HRM days lost per worker compares well with its peers (other public sector employees), there is room

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[6] Statistics Canada classifies public sector administration employees as Federal, Provincial and Municipal, while public sector employees include a broader sector, including health care.
[7] FTE is defined as the equivalent of one position, continuously filled, full-time for the entire fiscal year and may be comprised of any combination of part-time and full-time positions. (http://abs.colorado.edu/ABS_WEB/policies/FTE.pdf)
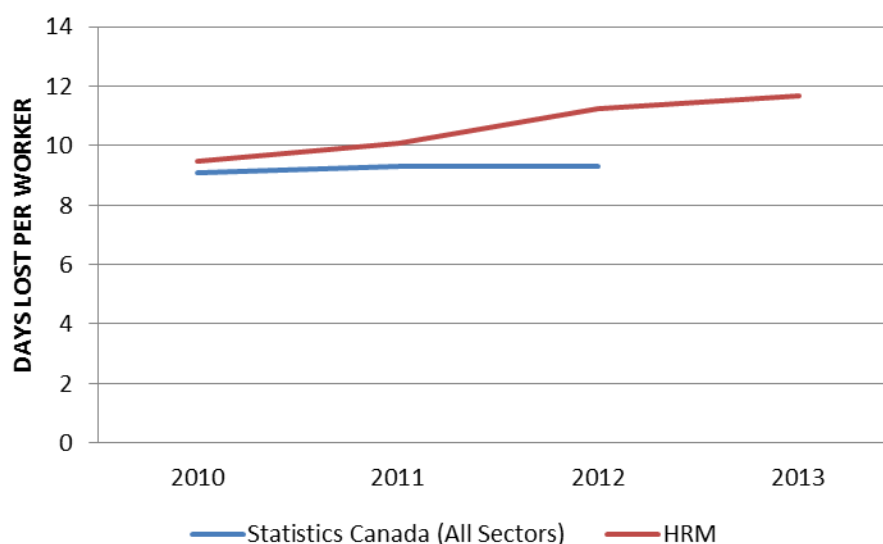
for improvement.

Consistent with the trend seen in the Statistics Canada data, HRM also shows an upwards trend in days lost per worker between 2010 and 2011. It appears to the OAG, on average, sick leave used by each HRM employee is increasing by approximately 0.7 days per year (Exhibit 2 above). The trend indicates organizationally on average the value of 11 additional FTEs are lost year-over-year with the increased use of sick leave. Taking the total time lost due to sick leave and converting it to an FTE equivalent, the OAG estimates the total number of positions lost due to sick leave ranged between 153 and 185 yearly over the review period. It is the opinion of the OAG, HRM is not maximizing its' service delivery to the taxpayers of HRM, with additional resources being lost each year due to additional sick leave. This is a concern to the OAG.

Overall Trend for Business Segments (Combined) Included in this Report

During the review of days lost per worker, the OAG observed a trend in the overall HRM data; HRM days lost per worker are increasing at a rate greater than the average of all sectors included in the Statistics Canada data. Statistics Canada did not publish detailed information after the 2011 report. Statistics Canada did however continue to publish limited statistics in other publications. The 2010 and 2011 Statistics Canada summary data indicates an overall increase in days lost per worker of 2.2%, with no increase in 2012. During the same period, HRM experienced overall increases of 6.3% and 11.9% respectively. In 2013 (extrapolated) HRM continued to trend upwards with the use of sick leave growing at 3.9%.

To illustrate this simply, without other categorizations, Exhibit 3, shows the days lost per worker for HRM employees for each of the review years along with the three years of benchmark data from Statistics Canada (all sectors).

On average, sick leave used by each HRM employee is increasing by approximately 0.7 days per year.

Taking the total time lost due to sick leave and converting it to an FTE equivalent, the OAG estimates the total number of positions lost due to sick leave ranged between 153 and 185 yearly over the review period.

Exhibit 3 – Growth in Days Lost per Worker, 2010-2013*

*2013 data extrapolated – see Methodology section

With only three years of Statistics Canada data available, it is difficult to draw complete conclusions as to how HRM compares to other benchmarks, however it is possible to see HRM's use of sick leave grew at a faster rate, between 2010 and 2012, than the Statistics Canada all sectors benchmark.

Understanding Public-Private Sector Differences in Work Absences

A Statistics Canada brief "Understanding public-private sector differences in work absences" [8] cited some contributing factors to help explain the difference in the days lost per worker between the public and private sectors:

1. A high percentage of the public sector fall under collective agreements with entitlements to a predetermined number of sick and personal days.
2. Age and gender both play a role in the days lost per worker for the public sector overall. According to the Statistics Canada brief, the public sector has a higher number of female and older employees, with these two groups tending to take more time off. Statistics Canada notes "this is not necessarily unexpected as women often take on more family responsibilities, and older individuals are more likely to be sick."[9]

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[8] Understanding public-private sector differences in work absences, Statistics Canada, September 2013
[9] ibid, page 3

3. Within the public sector many occupations may be more exposed to illness[10] or more prone to injury.

Comparison Based on Unionized Versus Non-Unionized Categories

Statistics Canada data shows (Exhibit 4) unionized employees have greater average days lost per worker than non-unionized employees. For the three years Statistics Canada has reported data, unionized employees have approximately 75% more days lost than non-unionized employees. Within the Canadian public sector, 76% of employees are unionized and within HRM 79% of employees are unionized.

Statistics Canada data shows unionized employees have greater average days lost per worker than non-unionized employees.

For the three years Statistics Canada has reported data, unionized employees have approximately 75% more days lost than non-unionized employees.

Exhibit 4 - Statistics Canada Average Days Lost per Worker– Unionized, Non-Unionized

	2010	2011	2012
Unionized	12.9	13.2	12.9
Non-Unionized	7.3	7.5	7.5

In HRM the overall days lost per worker also appear to be heavily influenced by unionized employees, as shown in Exhibits 5 & 6.

Exhibit 5 – HRM Average Days Lost per Worker – Unionized, Non-Unionized

|	2010	2011	2012	2013*
Unionized	10.5	11.4	12.5	13.0
Non-Unionized	5.2	4.4	5.3	5.7

*2013 data extrapolated – see Methodology section

HRM unionized employees have used between 102% and 160% more sick leave than HRM non-unionized employees.

The HRM data, like Statistics Canada data, indicates unionized employees have a higher average days lost per worker than non-unionized employees. HRM unionized employees have used between 102% and 160% more sick leave than HRM non-unionized employees.

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[10] Statistics Canada includes all public sector employees in this grouping, including health occupations

Exhibit 6 – HRM Days Lost per Worker – Unionized / Non-Unionized, 2012 – 2013*
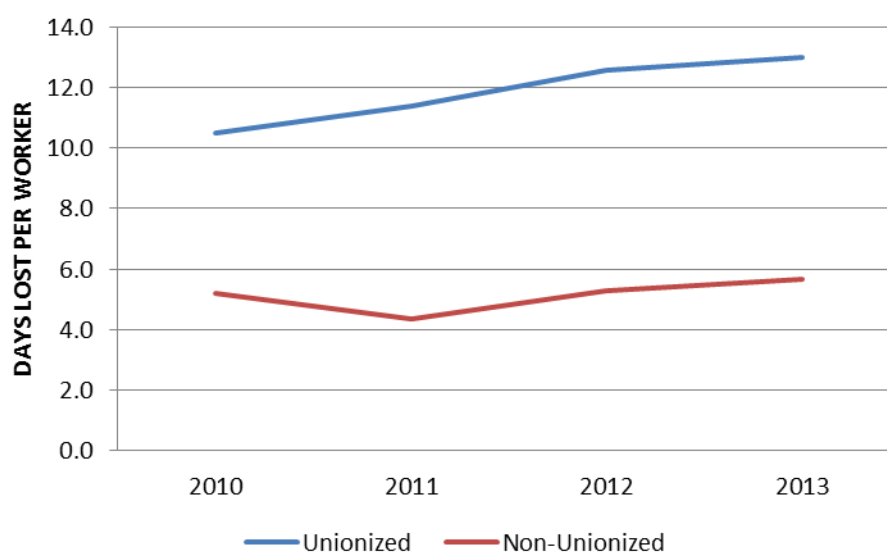
*2013 data extrapolated – see Methodology section

Comparison Based on Employee Age

The HRM data for the four years reviewed, indicates an increase in days lost as the employee's age increases – effectively indicating older employees take more sick leave.

The HRM data for the four years reviewed, indicates an increase in days lost as the employee's age increases – effectively indicating older employees take more sick leave. This is consistent with the information provided in the Statistics Canada data. As shown in Exhibit 7, the average days lost per worker, for both the 15-19 and the 20-24 age brackets is just under six days with the average number increasing to a high of nearly 12 days per worker for the 55-64 year old grouping.

Exhibit 7 – Average Days Lost per Employee – Employee Age, 2010 - 2012 *
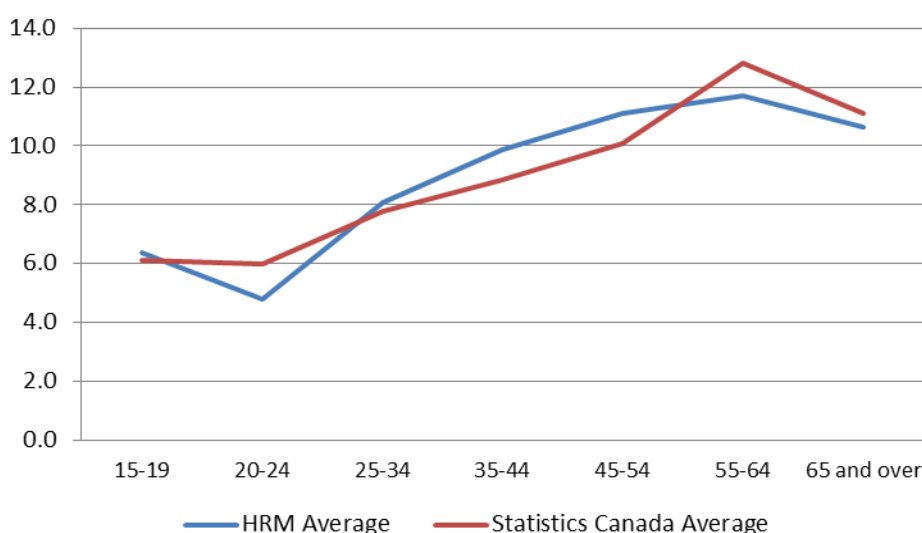
Statistics Canada data available 2010, 2011 and 2012

Comparison Based on Employee Tenure

The HRM data suggests both increasing employee age and years of service (tenure) show a strong correlation to number of days lost due to sick leave use.

Statistics Canada also reports days lost rises as job tenure increases. Employees with greater tenure, would also likely be older employees, states the 2012 Statistics Canada report[11], suggesting as employees age the number of days lost increases. The OAG suggests the driver in the HRM context would be employee age more so than job tenure. The OAG offers analysis which supports this conclusion later in the report.

Comparison Based on Employee Gender

Statistics Canada indicates another point of difference in use of sick leave is gender, with female employees on average using more sick leave than their male counterparts with the supposition being female employees take more leave for family illness reasons.

Based on the data reviewed for this report, the OAG did not find this trend within the HRM business segments reviewed. Instead, within HRM there appears to be relatively equal use of sick leave by each gender.

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[11] Work absences in 2011, Maria Dabboussy, Sharanjit Uppal, April 20, 2012.

Other Occupational Differences

As noted, Statistics Canada suggests the third possible explanation for the public sector having higher days lost per worker, is 'occupational differences'. This will be considered further within subsequent sections of this report.

Access to Data – Continuing 'Big Data' Issues

The OAG is aware of limited summary data being available for management purposes. However, given the effort needed to provide information used for this report, the OAG questions if, organizationally, the Administration is capturing the appropriate data and utilizing this data in a manner to obtain the greatest benefit in the day-to-day management of employee attendance and to ensure value for money.

Although outside the scope of the report, the OAG feels compelled to offer comment in this area. Significant challenges were encountered in attempting to obtain the data necessary to complete this report. As with previous reports, the OAG had to commit significant efforts to obtain appropriate data sets from the HRM SAP system. Significant efforts were also required to obtain data from HRWC. It took many days to extract and provide data to the OAG. The OAG is aware of limited summary data being available for management purposes. However, given the effort needed to provide information used for this report, the OAG questions if, organizationally, the Administration is capturing the appropriate data and utilizing this data in a manner to obtain the greatest benefit in the day-to-day management of employee attendance and to ensure value for money.

Recommendations:

1.0.1   The OAG recommends HRM's Administrations work together regarding the use of sick leave within their organizations in order to identify the factors which are the key drivers of sick leave use for the various business segments within HRM.

1.0.2   Once the key drivers have been identified, the OAG recommends the Administrations determine the appropriate benchmarks against which these drivers can be compared.

1.0.3   Once Recommendations 1.0.1 and 1.0.2 have been implemented, the OAG recommends the Administrations determine and implement a process for ensuring the appropriate data is captured and made available for appropriate reporting on performance.

2.0   HRM Business Segments – Detailed Information

The total value of sick leave taken over the review period amounted to approximately $33.5 million – an average of $9.1 million for each of the 2010 to 2012 years, with $6.2 million worth of leave taken up to July 31, 2013.

Section 1.0 of this report compared HRM to external benchmarks, setting the stage for a more in-depth and specific understanding of HRM's utilization of sick leave.

The total value of sick leave taken over the review period amounted to approximately $33.5 million – an average of $9.1 million for each of the 2010 to 2012 years, with $6.2 million worth of leave taken up to July 31, 2013. The OAG believes, with the value of sick leave nearing $9 million annually, it is in HRM's interest to fully understand the business segments responsible for and the drivers of this leave.

Section 1.0 of this report compared HRM to external benchmarks, setting the stage for a more in-depth and specific understanding of HRM's utilization of sick leave. This section reviews individual business segments and their relationship to the overall HRM use of sick leave.

As noted in Section 1.0, according to the Statistics Canada Work Absences study, contributing factors for variations in the average amount of leave include the nature and the demands of the job, gender composition of the workforce and union density. Within HRM, there are unique circumstances within business segments which drive sick leave use beyond the organizational average.

Leave Taken by Business Segments

Within this section, in order to enable robust comparisons among HRM business segments with differing hours and shifts, the OAG has adopted an hours per employee analysis.

In Section 1.0, where HRM leave was compared to Statistics Canada data, the OAG followed Statistics Canada's methodology for calculating 'days lost per worker'. This calculation was used to ensure HRM data was as comparable as possible for benchmarking purposes. Within this section, in order to enable robust comparisons among HRM business segments with differing hours and shifts, the OAG has adopted an hours per employee analysis.

Across HRM business segments there are wide variations in the use of sick leave. Exhibit 8 provides the four year average sick leave taken per employee by business segment.

Exhibit 8 – HRM Business Segments* Average Sick Leave, 2010 – 2013**
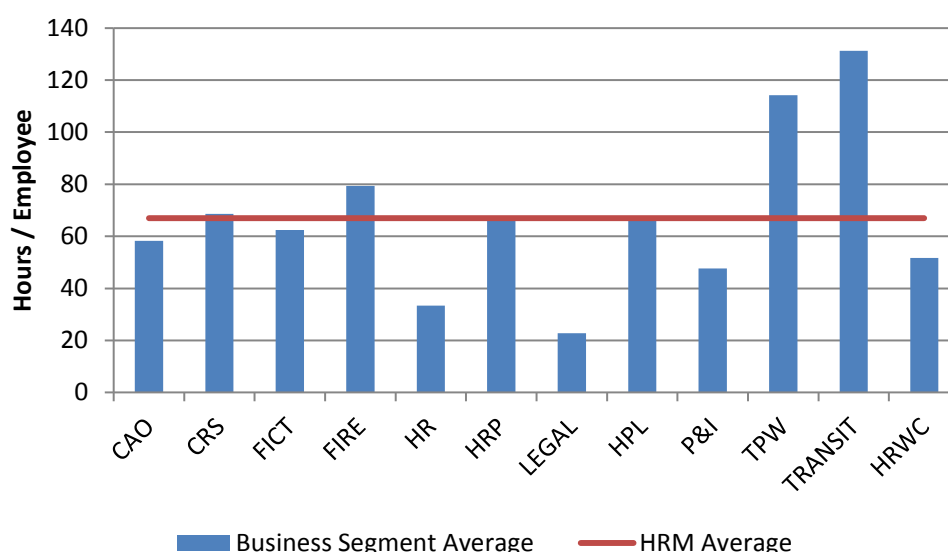
*Full business segment names are shown in Appendix A
** 2013 data extrapolated – see Methodology section

The obvious question to the OAG when looking at Exhibit 8 is - what are the specific drivers of sick leave particularly in TPW and Transit causing such extreme differences from the HRM average?

The overall average sick leave for HRM's business segments is 67 hours per employee, while the average for Transit and TPW are 131 and 114 hours, respectively.

Excluding Transit and TPW the HRM overall average days lost per worker would be 8.2 days, near the private industry figure for 2011 and 2012.

Exhibit 8 identifies certain business segments as having significant variations from the average sick leave (hours per employee). Legal and HR, for example, have the lowest average use of leave at 23 and 33 hours per employee respectively, while TPW and Transit have the highest use of leave at 114 and 131 hours per employee. The obvious question to the OAG when looking at Exhibit 8 is - what are the specific drivers of sick leave particularly in TPW and Transit causing such extreme differences from the HRM average?

The overall average sick leave for HRM's business segments is 67 hours per employee, while the average for Transit and TPW are 131 and 114 hours, respectively. The increased use of leave within these two business segments increases the overall HRM average by 11 hours per employee. If these two business units had been excluded when comparing HRM to the Statistics Canada benchmark information, the HRM overall average days lost per worker would be 8.2 days, near the private industry figure for 2011 and 2012.

Other segments closer to the average, such as HRP and Fire, have a large number of employees working shifts greater than the standard seven or eight hour day worked by much of the HRM workforce. A 12-hour-shift employee taking a day of sick leave would actually take five hours more sick leave than a seven hour per day employee. A firefighter, working a 24-hour-shift, missing

one full shift has 17 additional hours per absence. As a result, one might expect employees within HRP and Fire to have a greater amount of sick leave per employee due to the increased number of hours per shift. However, it has been determined by the OAG both HRP and Fire are essentially average users of sick leave, as shown in Exhibit 8. The average level of sick leave, coupled with the higher level of hours per shift indicates to the OAG both HRP and Fire are among the low users of sick leave throughout HRM business segments.

The average level of sick leave, coupled with the higher level of hours per shift indicates to the OAG both HRP and Fire are among the low users of sick leave throughout HRM business segments.

Proportionate Sick Leave Use by Business Segment

Another approach to analyzing sick leave data is to look at the percentage of all employees each business segment represents and the percentage of total sick leave used by these individual business segments. Exhibit 9 below shows Transit and TPW combine for 48% of HRM sick leave use; however they combine for only 32% of all employees. The use of sick leave within Transit and TPW is 1.8 times the HRM average. This disproportionate use of sick leave caused the OAG to again question what the unique drivers within these business segments were. There are no other business segments where the percent of sick leave use is higher than the percent of total employees.

Transit and TPW combine for 48% of HRM sick leave use; however they combine for only 32% of all employees.

The use of sick leave within Transit and TPW is 1.8 times the HRM average.

Exhibit 9 - HRM Business Segments Average Sick Leave Compared to Percentage of Total HRM Business Segment Employees, 2010 – 2013*

■ % of total HRM Employees   ■ % of Overall HRM Sick Leave
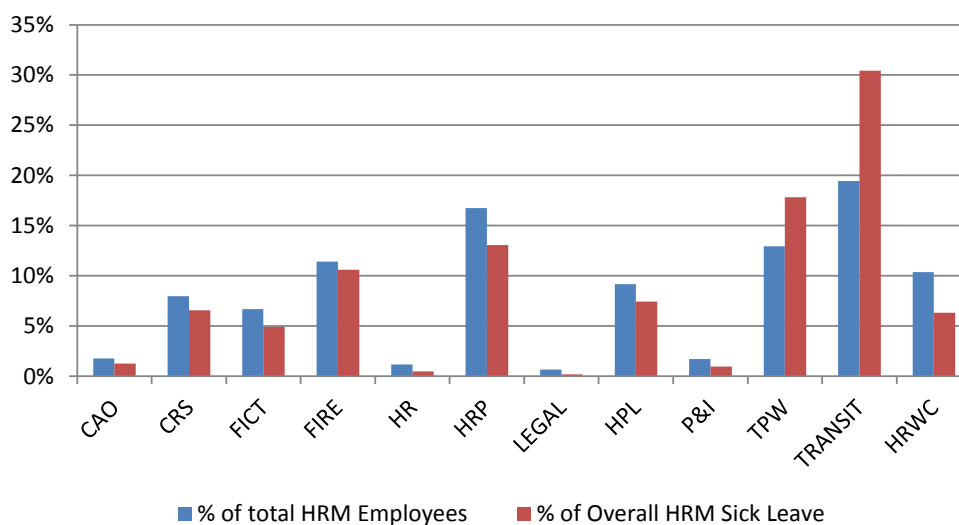
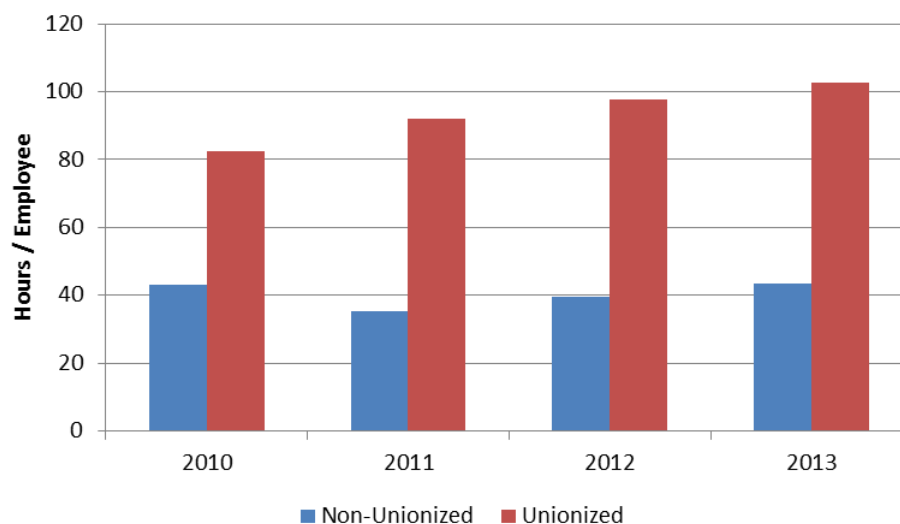*2013 data extrapolated – see Methodology section

Based on the Statistics Canada information previously noted, there can be a number of contributing factors to sick leave usage. In order to better understand the factors related to the areas of high sick leave usage, the OAG performed further analysis of the HRM information focusing on the potential drivers of sick leave usage identified by Statistics Canada.

Impact of Level of Unionization

As mentioned in Section 1.0, the HRM workforce is 79% unionized, with nine union or union locals represented. Across business segments the percentage of unionized and non-unionized employees varies greatly.

Based on the research completed by Statistics Canada and discussed in Section 1.0, there is a higher (on average) amount of sick leave taken by employees who are unionized as compared to non-unionized employees. Exhibit 10 provides the breakdown of sick leave (average) hours used, by union affiliation and non-union for HRM.

Exhibit 10 – Unionized and Non-Unionized Average Sick Leave, 2010 – 2013*

*2013 data extrapolated – see Methodology section

Exhibit 10 supports the Statistics Canada finding regarding unionized employees tending to utilize on average, more sick leave than non-unionized employees. Over the course of the four-year review period, HRM non-unionized use of sick leave increased a total of 1.2%, while the use of sick leave by the HRM unionized

employees increased 24.1%. Exhibit 11 provides a breakdown of the level of unionization for each business segment reviewed.

Exhibit 11 – HRM Business Segments Average Unionized and Non-Unionized Employees, 2010 - 2013

	Non-Unionized	Unionized
CAO	69.4%	30.6%
CRS	28.4%	71.6%
FICT	31.6%	68.4%
FIRE	6.9%	93.1%
HR	98.8%	1.2%
HRP	8.7%	91.3%
HRWC	24.7%	75.3%
LEGAL	90.1%	9.9%
HPL	9.4%	90.6%
P&I	48.9%	51.1%
TPW	19.5%	80.5%
TRANSIT	10.6%	89.4%

Exhibit 12 breaks down the sick leave hours per employee by business segment and by unionized and non-unionized employees. The business segments showing the highest overall use of sick leave from Exhibit 8 show large differences in sick leave taken by their unionized workforce as compared to the non-unionized component.

Exhibit 12 –Business Segments Unionized and Non-Unionized Employees Average Sick Leave, 2010 – 2013*
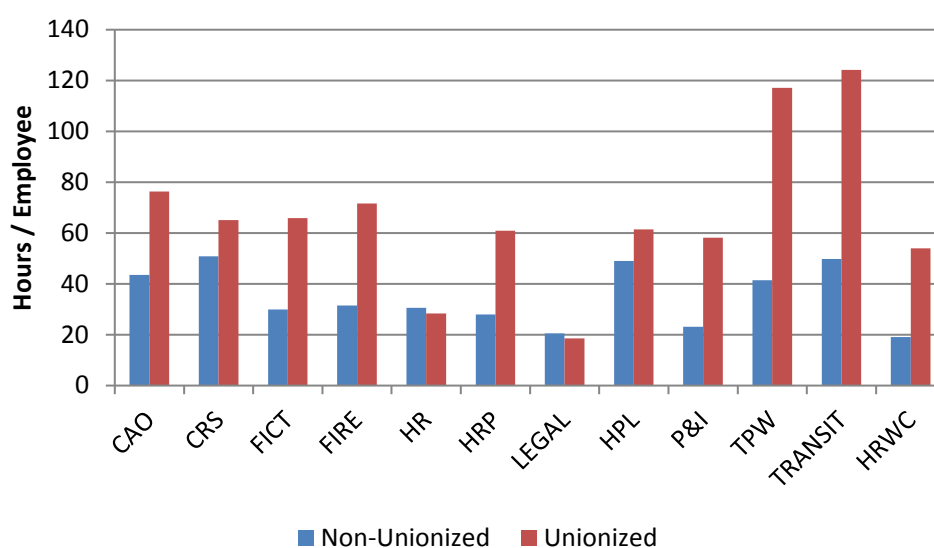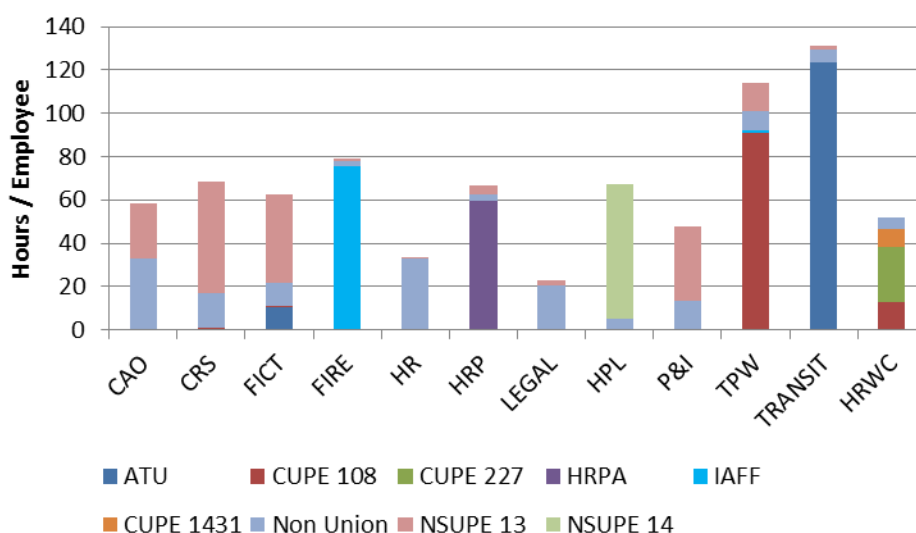

*2013 data extrapolated – see Methodology section

Exhibit 13 provides a more in-depth view of average sick leave per employee by business segment, with the percentage of the leave taken by individual employee work groups[12] provided. Once again, this exhibit highlights TPW and Transit as taking higher than average hours per employee with CUPE 108 and ATU members accounting for the majority of the leave.

Exhibit 13 - Average Sick Leave by Business Segment, by Employee Work Group,[12] 2010 – 2013*

*2013 data extrapolated – see Methodology section

Further analysis into the employee work groups is shown in Exhibit 14. This Exhibit provides a breakdown of average hours of sick leave per employee by bargaining group affiliation (rather than business segment affiliation) along with data for non-unionized employees and again highlights the high use of sick leave within the ATU and CUPE 108 employee work groups.

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[12] Employee Work Groups are defined as the union an employee is a member of, or in the case of non-union employees, non-union is the employee work group.

Exhibit 14 –Employee Work Group Average Sick Leave, 2010 – 2013*
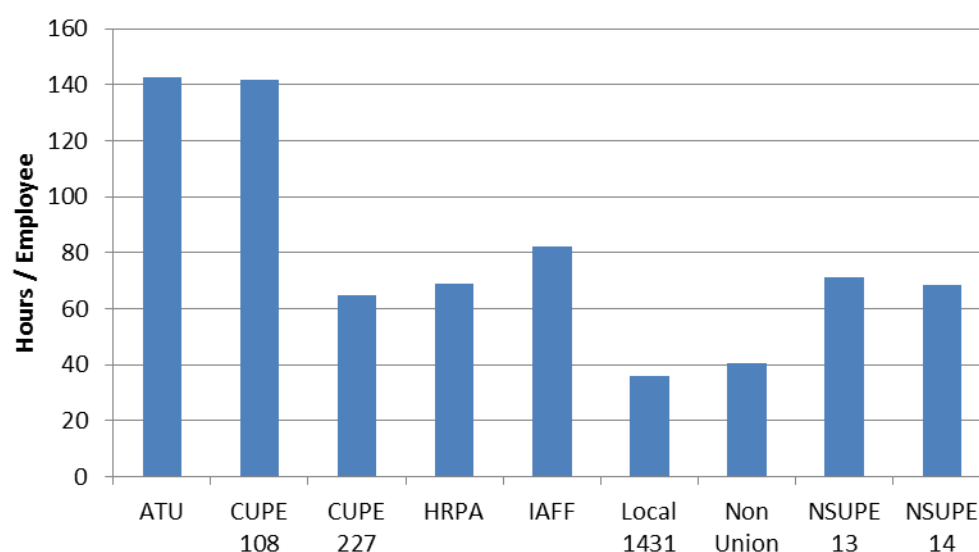
*2013 data extrapolated – see Methodology section

Impact of Employee Age

The highest average use of sick leave (per employee) is with the 55 years and greater aged employees.

As noted in Section 1.0, sick leave usage generally increases with employee age. This is evident to the OAG in the data represented in Exhibit 15 below. Although the majority of HRM employees fall in the 35–54 age brackets (as indicated by the red line in Exhibit 15), the highest average use of sick leave (per employee) is with the 55 years and greater aged employees.

Exhibit 15 – HRM Average Sick Leave by Employee Age, 2010 – 2013*
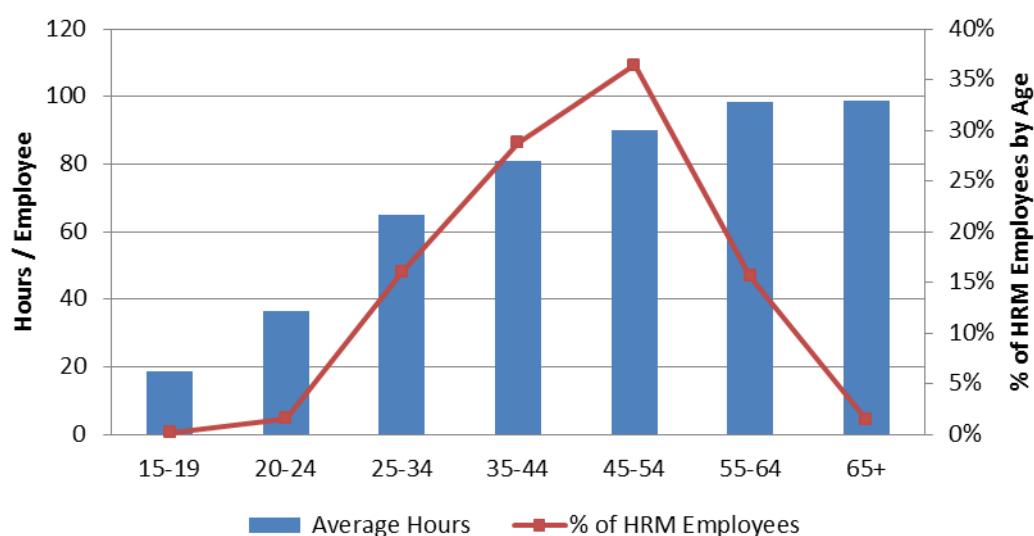
*2013 data extrapolated – see Methodology section

To further understand the key drivers of the use of sick leave, the OAG further analyzed this age data by business segment (Exhibit 16). This Exhibit shows the distribution of employees by age bracket by business segment and shows a relatively consistent distribution of employees by age bracket across all business segments. This is relevant to the OAG as it indicates the high usage of sick leave in ATU and CUPE 108 and by extension TPW and Transit is not due to these business segments and employee work groups having a higher proportion of older workers.

This is relevant to the OAG as it indicates the high usage of sick leave in ATU and CUPE 108 and by extension TPW and Transit is not due to these business segments and employee work groups having a higher proportion of older workers.

Exhibit 16 – Average Distribution of Employees by Age Bracket by Business Segment, 2010 - 2013
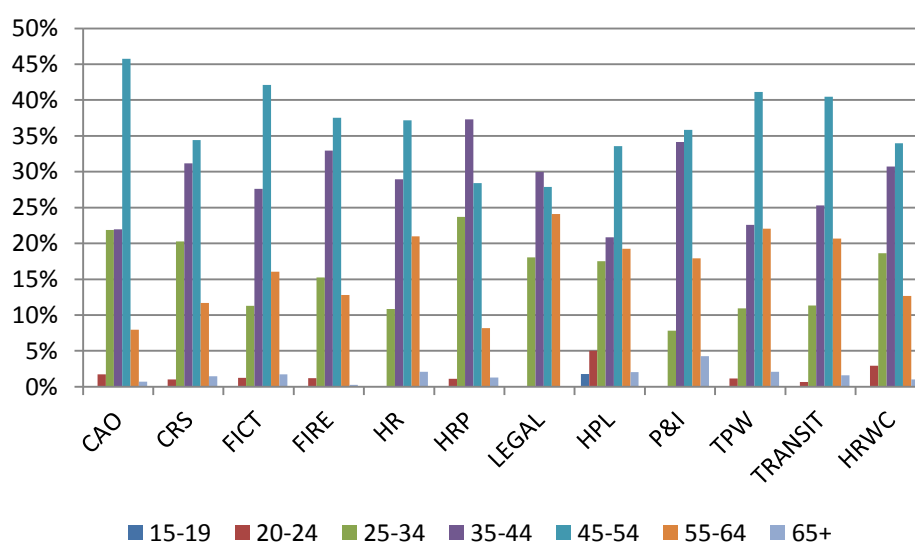
As shown in Exhibit 17, most individual business segments show sick leave use increasing with employee age. The OAG notes an exception in the use of sick leave within the CAO, Legal and HRP business segments which appear to be trending down. With both the CAO and Legal the limited number of employees in all age brackets makes reaching sound conclusions difficult. The HRP use of leave peaks at the 35-44 year age bracket and declines as employees' age, where other units for the most part continue to rise. As will be discussed in Section 4.2 of the report, HRPA employees receive a lump sum payout for unused sick leave on retirement, which could account for the decline in the use of sick leave.

HRPA employees receive a lump sum payout for unused sick leave on retirement, which could account for the decline in the use of sick leave.

Exhibit 17 – HRM Business Segments Average Sick Leave by Employee Age Group, 2010 – 2013*
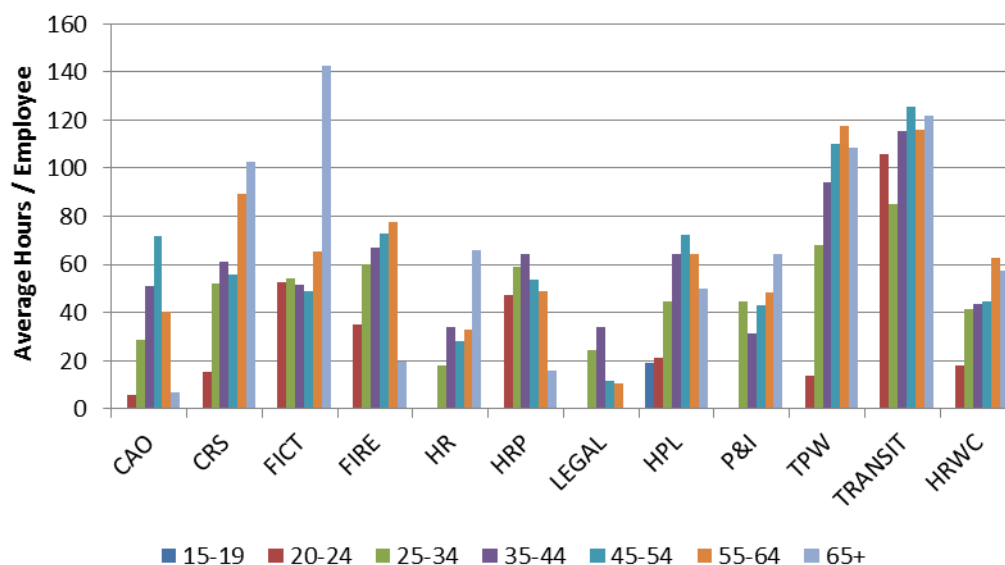
*2013 data extrapolated – see Methodology section

Again it is interesting to note, although TPW and Transit have a similar age distribution to that of other business segments, they have increased sick leave use in the majority of age categories compared to other business segments.

Again it is interesting to note, although TPW and Transit have a similar age distribution to that of other business segments, they have increased sick leave use in the majority of age categories compared to other business segments.

Impact of other Potential Contributing Factors

The OAG also analyzed a number of other potential factors in order to better understand the key drivers of sick leave usage within HRM. For example, this analysis included a review of usage by gender, salary range, as well as leave taken by month and day of the week. Based on the results of the analysis, the OAG does not believe these factors are key drivers of sick leave usage at HRM.

Overall Trend for Transportation and Public Works and Metro Transit

Based on the analysis of the various business segments, it is apparent there are two segments with significantly higher sick leave usage than the others, namely TPW and Transit which are two of the larger business segments. Together they accounted for over 1,300 of the total HRM employed individuals in 2013. Based on further analysis, it appears the higher sick leave usage is localized to

two employee work groups within these business segments – ATU and CUPE 108.

Possible Impact of Occupational Differences within TPW and Transit

The OAG acknowledges the work of these groups could be considered unique, within HRM.

The OAG acknowledges the work of these groups could be considered unique, within HRM. For example, the work done by TPW could be considered more physical in nature than work done by other employee groups. The OAG also notes Statistics Canada indicated some occupations within the public sector may be more exposed to illness or more prone to injury.

The OAG would have expected to see similar averages between CUPE Local 227 at HRWC and CUPE 108 at HRM, given much of the work done by these two groups would seem comparable.

Based upon this thought, the OAG would have expected to see similar averages between CUPE Local 227 at HRWC and CUPE 108 at HRM, given much of the work done by these two groups would seem comparable. This however is not the case as the sick leave use within CUPE Local 227 appears to be (on average) less than half the usage within CUPE 108. As well, the usage within CUPE Local 227 is below the overall HRM average. As previously noted, the usage within CUPE 108 is significantly above the HRM average.

Transit operators are the largest group of employees within Transit. This group averaged 146 hours of sick leave per employee per year. The value of sick leave for bus operators during the review period was approximately $6.9 million – without overtime costs that may have been required to cover absent staff.

Transit operators are the largest group of employees within Transit. This group averaged 146 hours of sick leave per employee per year. The value of sick leave for bus operators during the review period was approximately $6.9 million – without overtime costs that may have been required to cover absent staff.

Exhibit 18 provides a breakdown of the average hours of sick leave taken by the four largest groups of employees within ATU which is the largest employee affiliation group within Transit with 87% of all employees.

Exhibit 18 - ATU Average Employee Hours of Sick Leave

	2010	2011	2012	2013*	Average
Transit Operators	143	146	148	148	146
Maintenance	139	162	113	126	135
Ferry Operations	49	44	91	87	68
Dispatch	60	107	136	271	144

*2013 data extrapolated – see Methodology section

The OAG has heard anecdotally the higher use of sick leave within Metro Transit is due to a higher exposure to the public than other

Both bus operators and ferry operations have high exposure to the public yet the average sick leave for bus operators is 116% higher than ferry operations.

Statistics Canada data published 2012 indicated nursing professionals had one of the highest days lost per worker with an average 15.8 days. By comparison, transit operators' hours lost per employee equates to 18.3 days for sick leave.

Bus operators are also public facing but have, on average, higher sick leave usage than nurses.

Based on the information reviewed, the OAG does not believe the higher use of sick leave within the ATU work group is necessarily directly related to the theoretical higher number of public contacts.

The OAG has been anecdotally made aware rules surrounding the selection and taking of vacation in Transit may contribute to the level of sick leave use.

HRM employees. Both bus operators and ferry operations have high exposure to the public yet the average sick leave for bus operators is 116% higher than ferry operations. In addition, Maintenance and Dispatch employees would arguably not be considered to have the same level of exposure to the public as bus operators, yet both Maintenance and Dispatch employees have similar levels of sick leave usage when compared to bus operators and significantly higher usage than ferry operations staff who arguably would have more exposure to the public.

Statistics Canada data published 2012 indicated nursing professionals had one of the highest days lost per worker with an average 15.8 days. By comparison, transit operators' hours lost per employee equates to 18.3 days for sick leave. Nurses are public facing employees who, one could assume, generally deal with people who may have illnesses which can be transmitted from person to person. Therefore, their level of employee sick leave is not unexpected. If one were to use the Statistics Canada data for nurse absenteeism along with HRM data for bus operators and bus maintenance employee absenteeism, an interesting comparison results. Bus operators are also public facing but have, on average, higher sick leave usage than nurses. Based on the information reviewed, the OAG does not believe the higher use of sick leave within the ATU work group is necessarily directly related to the theoretical higher number of public contacts.

The OAG has been anecdotally made aware rules surrounding the selection and taking of vacation in Transit may contribute to the level of sick leave use. Employees in ATU, like much of the organization, are required to select vacations well in advance of the actual vacation time taken. ATU employees (for the most part)[13], however, are required to select vacation in minimum time blocks of five days, thus reducing the flexibility should situations arise where employees require time which is less than five days in duration or which they cannot plan in advance. Employees at Transit do have the option to take time off on shorter notice, through the use of banked time or without pay. This is only approved under restricted circumstances based on operational requirements.

[13] ATU employees with 20 + years of employment may elect to take five single days of vacation in accordance with the "single day vacation policy".

Recommendations:

2.0.1 The OAG recommends HRM Administration immediately undertake a full and comprehensive review of the factors impacting staff within the ATU and CUPE 108 employee work groups in order to identify the drivers of the significant sick leave usage in these areas.

2.0.2 Once the factors have been identified from Recommendation 2.0.1, the OAG recommends HRM Administration take immediate steps to address the resulting issues in a way which addresses employee health and wellness as well as ensuring value for money for HRM taxpayers.

3.0   Other Reviewed Leave Types

In previous work[14] the OAG noted the HRM payroll system had a wide variety of codes which could be used for attendance management purposes. In this previous report, the OAG had recommended HRM establish a standard set of time codes for use by all business segments with the overall purpose of consistent management reporting.

During the course of this review, the OAG focused on leave types as listed in the Scope section, with a primary focus on sick leave. However, with a considerable amount of leave taken in other categories, the OAG concluded some attention to these leave types was appropriate.

Bereavement Leave

The OAG believes the recording of this leave could be simplified with a consolidation of all codes into one single code.

Within the HRM SAP system, there are three similar codes used to track bereavement or compassionate leave. Depending on the business segment, it may be called bereavement, compassionate or mourners leave. The OAG believes the recording of this leave could be simplified with a consolidation of all codes into one single code. For example, the HRWC installation of SAP uses a single code, bereavement, to record all such leave.

The OAG does not question the appropriateness of bereavement leave use in any way. What the OAG does question is whether HRM has known processes to understand the frequency and reasonableness of requests for this type of leave.

Earned Days Off (EDO)

Throughout many of the business segments, with the exception of HRP and HPL, employees have the benefit of earned days off. Certain employees are able to work extra time each day and once enough hours have been accumulated (generally every second or third week) they are able to take time off with pay as an earned day off (EDO). In the business segments where EDOs are utilized, various levels of adoption exist, partially based on operational needs.

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[14] HRM Payroll System – A Performance (Process) Review, August 2013

As discussed in previous work by the OAG, EDO time taken is only sometimes recorded in SAP. Over the review period the total time of what was recorded as EDOs (in SAP) averaged 3,153 days annually. However, the additional hours or partial hours of time worked and banked to earn the EDOs (averaging over 22,000 hours annually) were not tracked in SAP. The OAG therefore has to question the controls around a system which records time when taken but not specifically supported by the additional time worked.

Over the review period the total time of what was recorded as EDOs (in SAP) averaged 3,153 days annually.

The OAG therefore has to question the controls around a system which records time when taken but not specifically supported by the additional time worked.

Exhibit 19 shows the percentage of staff within each business segment taking EDOs over the review period as well as, the average number of employees with time off recorded as EDO. FICT has the largest (average) number of employees taking advantage of the EDO program at 128 individuals, while Legal has the highest percentage of staff at 84% using EDOs.

As the OAG has noted, only time taken off as EDOs is recorded in SAP. Anecdotally the OAG is aware of other areas throughout the organization utilizing an 'off-books' form of EDOs without any formal recording of time earned or time taken. With this in mind, based only on what has been recorded in SAP, the number of days taken and the EDO utilization, would likely be minimums.

Anecdotally the OAG is aware of other areas throughout the organization utilizing an 'off-books' form of EDOs without any formal recording of time earned or time taken.

Exhibit 19– Earned Days Off Average Utilization Rate by HRM Business Segment, 2010 – 2013

Business Segment	EDO Utilization Rate based on SAP records	Average Number of Employees with EDOs recorded
CAO	1.9%	2
CRS	7.9%	26
FICT	46.9%	128
Fire	1.9%	9
HR	18.5%	9
Legal	84.2%	23
P&I	10.7%	7
TPW	11.6%	62
Transit	2.7%	21

EDOs are available at HRWC; however they are not recorded in the SAP system. As a result of EDO data not being centrally available, the OAG was not able to report on HRWC EDOs[15] in the same manner as the remainder of the organization. Time earned and taken for EDOs at HRWC is maintained in an informal manner at the individual supervisory/managerial level.

The OAG is not evaluating the efficiency and effectiveness of the EDO program with this review, but rather noting consistent corporate data does not exist to measure the program. However, with the significant systems issues noted, it is very likely value for money issues exist.

The OAG is not evaluating the efficiency and effectiveness of the EDO program with this review, but rather noting consistent corporate data does not exist to measure the program. However, with the significant systems issues noted, it is very likely value for money issues exist.

Other Leave Types Specific to Business Segments

For the most part, other leave types observed in the data are used across all business segments and appear reasonable[16]. The OAG did, however, note the following types of leave unique to a limited number of business segments:

Exhibit 20 – Business Segment Specific Leave Types[17]

Leave Type	Business Segments
Chief's Leave	HRP, Fire, TPW (1 employee)
Non-Union Bonus Days	HRWC
25 yr. Vacation Bonus	HRWC
Winter Vacation Bonus	HRWC

The OAG questions the benefit for HRP and Fire having a unique code to track time for what appears to be able to be tracked as "other leave with pay".

HRP and Fire both have leave types relating to discretionary leave granted by their respective Chiefs. This discretionary leave amounted to 0.48% (3,850 hrs.) and 0.52% (3,355 hrs.) respectively of all leave[18] use in those business segments. The use of Chief's Leave, generally compares to the use of leave recorded as "Other Leave With Pay" (at 0.35% - 15,761 hrs.) throughout the other business segments. The OAG questions the benefit for HRP and Fire having a unique code to track time for what appears to be able to be tracked as "other leave with pay". HRP does not use "other leave with pay" to track any leave time however, Fire does use this code along with the Chief's Leave code.

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[15] The EDO programs at HRWC are referenced as "compressed work week"
[16] Leaves types such as vacation, time off in lieu of overtime, training were not considered in scope.
[17] Leave types are defined in Appendix A.
[18] All leave includes all time away from the employee's job including vacation leave.

The other three leave types represented in Exhibit 20 are associated with HRWC and relate to time over and above regular time away from the workplace. These "bonus" categories amount to over 3.4% of all leave taken at HRWC for the review period, amounting to over 1,500 days. While HRWC may ultimately benefit from these "bonus" leaves by for example, shifting vacations from summer to winter ("Winter Vacation Bonus") or deferring costs of performance incentives by offering time off at 1.5 times the value ("Non-Union Bonus Days"), the OAG questions if the average annual cost of $130,000 is best value to the rate payers and if it is, should it be contemplated for other business segments? The OAG was not able to assess value for money as the outcomes expected from these programs are not clearly articulated and performance standards were not set.

Specialized Sick Leave Categorizations

Included within the sick leave use data for some HRM business segments is time recorded for medical and dental appointments and "Family Sick Leave" . These categories are not fully adopted across all business segments; for example only three business segments use a specific category to track time taken by employees to care for family members.

For Family Sick Leave, it is important to note this is not time taken over and above any allotted sick leave or emergency leave, but rather a coding to appropriately track this type of absence from the workplace. Anecdotally the OAG understands employees' sick leave is used for this purpose on an organization-wide basis. If the three business segments who do tracking of this leave (at 7%) are representative of the organization as a whole, the OAG is of the belief its tracking is worthwhile for both reasonableness as well as to provide better input information for attendance support programs. However, a review of HRM policies for both Emergency Leave and Sick Leave do not make specific allowances for the use of employee designated leave to care for family members.

A second category relating to leave associated with illness, with limited use, is medical and dental appointments. This category is used in seven of the 12 business segments contained in this review; however it appears to only be used consistently in TPW, HPL and

HRWC. Under HRM's policies and collective agreements, the manner with which medical and dental appointments are handled differs greatly. The HPL NSUPE 14 collective agreement provides language allowing medical and dental appointments to be deducted from any sick leave entitlement. The HRM Sick Leave Policy encourages medical appointments outside of normal work hours, however when this is not possible, time off with pay as discretionary leave may be granted or employees may make up lost time. The OAG is concerned with this approach as it is not governed by policies which ensure consistency of application, equitable access by all and measures to monitor outputs to pre-established maximums. With approximately 6% of all sick related leave coded to medical and dental appointments within the business segments using this coding, again the OAG is of the belief its tracking is worthwhile for both reasonableness as well as to provide better input information for attendance support programs.

With approximately 6% of all sick related leave coded to medical and dental appointments within the business segments using this coding, again the OAG is of the belief its tracking is worthwhile for both reasonableness as well as to provide better input information for attendance support programs.

With an average annual cost of lost time due to sick leave at over $9 million (not including any backfilling costs) the OAG believes accurately tracking how this benefit is consumed is paramount not only for good fiscal management but also as an input to a successful attendance support program. Using the estimates of family medical, medical and dental appointments from above, as much as $1.1 million of sick leave use could be attributed to these classifications, which may appear to be overlooked in the employee assistance programs used to counsel employees with high use of sick leave.

Using the estimates of family medical, medical and dental appointments from above, as much as $1.1 million of sick leave use could be attributed to these classifications, which may appear to be overlooked in the employee assistance programs used to counsel employees with high use of sick leave.

Recommendations:

3.0.1 The OAG recommends HRM Administration and HRWC Administration implement corporate tracking and reporting of all time worked to earn and leave taken as EDOs, to ensure time is accurately tracked as earned days off or compressed work week.

3.0.2 The OAG recommends HRM Administration review the time tracking codes currently in use and consolidate redundant codes to ensure consistent reporting and improve time management.

3.0.3   The OAG recommends HRM Administration re-define Emergency Leave in an effort to eliminate confusion in its use and allow for consistent application across the organization.

3.0.4   The OAG recommends HRM Administration revise the appropriate leave policies to clarify the use of employee designated leave for the care of family members. The OAG is not recommending HRM Administration disallow the use of employee sick leave for the care of family members, but rather, adopt a clear and consistent position and communicate it to all employees.

3.0.5   The OAG recommends HRM Administration and HRWC Administration track variations of sick leave, for example medical / dental appointments, family sick leave (should it be allowed see Recommendation 3.0.4) and other uses to better understand, report on and respond to how sick leave use is consumed throughout HRM.

3.0.6   The OAG recommends HRM Administration implement a process for reviewing all leave types taken, including Bereavement Leave for reasonableness and appropriate usage.

4.0   Available Employee Sick Leave

The OAG reviewed the overall liability for accumulated sick leave in HRM's business segments. Accumulated sick leave is a term used to identify the amount of sick leave, in hours, an employee has built up in their sick leave 'bank'. Each employee group[19] has its own sick leave entitlements which accumulate to a maximum in accordance with the terms in the applicable municipal policy or collective agreement. Exhibit 21 summarizes the various sick leave entitlements and maximum accumulations.

Exhibit 21 - Employee Entitlements for Sick Leave

Employee Group	Hours Earned per Month	Maximum Sick Bank Entitlement (hrs.)
Non-Unionized - HRM*	10.50	1,050
Non-Unionized - HRWC*	10.50	1,400
Non-Unionized - HRM**	12.00	1,200
Non-Unionized - HRWC**	12.00	1,600
NSUPE 14*	10.50	1,000
NSUPE 14**	14.00	1,200
NUSPE 13	10.50	1,050
HRPA	12.00	1,200
CUPE 108	12.00	1,200
IAFF	12.00	1,200
ATU	12.00	1,200
CUPE Local 227	12.00	1,600
CUPE Local 1431	10.50	1,400

*   Based on a 35 hr. per week work schedule
**   Based on a 40 hr. per week work schedule
***   Based on <10 Years work Experience
**** Based on >10 Years work Experience

The OAG noted differences in sick leave entitlements by employee group, including one agreement where the entitlement increases based on years of service.

The OAG noted differences in sick leave entitlements by employee group, including one agreement where the entitlement increases based on years of service. The stated HRM objective in providing paid sick leave to employees is "not as an acquired right, but an indemnity benefit to help protect the income of employees through periods of absenteeism due to illness or non-workplace injury"[20].

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[19] Employee group, for purposes of this review, refers to the union affiliations of unionized employees with all others grouped as non-union.
[20] HRM Attendance Support Program, December 2008

It appears to the OAG, sick leave entitlements are no longer a benefit designed to protect employees in case of illness given the inequitable access to the entitlements. They now appear to be a form of additional compensation for some employee groups.

This is troubling to the OAG, as this type of entitlement could imply the longer employees work at HRM; the sicker they may or could become. However, the OAG has seen age drives sick leave use more than years of service.

As a result, the OAG has to question the purpose of the variety of entitlements available as it appears to the OAG, sick leave entitlements are no longer a benefit designed to protect employees in case of illness given the inequitable access to the entitlements. They now appear to be a form of additional compensation for some employee groups.

For example, under the NSUPE 14[21] collective agreement, individuals with more than 10 years of service accumulate sick leave entitlements at a greater rate and to a higher maximum than those employees with less years of service. This is troubling to the OAG, as this type of entitlement could imply the longer employees work at HRM; the sicker they may or could become. However, the OAG has seen age drives sick leave use more than years of service.

Recommendation:

4.0.1   Given much of what the OAG has learned about sick leave entitlements as a result of this report, the OAG strongly recommends HRM, HPL and HRWC Administrations clearly identify the purpose and objective of sick leave provided for and conduct a complete 're-think' of the model used to determine the appropriate amount of sick leave availability. For example, how is the optimal amount of sick leave determined? Management must in all cases be able to demonstrate how it determined the 'optimal' amount of sick leave so available inputs are maximized as is taxpayers' value for money.

4.1   Sick Leave Accumulation

As noted in Exhibit 21, employees can accumulate paid sick leave to a maximum based on employee work group.

The OAG analyzed the total accumulated sick leave (i.e. sick leave banks) for all employees included in Scope. The data analyzed represents a snapshot in time of total accumulated sick leave banks and the potential liability to the Municipality. A summary of the value of the accumulated sick leave banks is presented in Exhibit 22.

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[21] NSUPE 14 employees are unionized employees within Halifax Public Libraries (HPL).

Exhibit 22 – Total Hours Available and Value of Accumulated Sick Leave[22]

Entity	Total Hours	Total Value
CAO	42,872	$1,710,546
CRS	187,755	6,119,299
FICT	164,732	5,579,261
FIRE	393,571	16,460,547
HR	31,828	1,400,095
HRP	595,075	22,869,160
HRWC	316,364	9,300,145
LEGAL	16,058	773,391
HPL	172,922	4,731,670
P&I	55,332	2,337,767
TPW	301,587	8,490,826
TRANSIT	338,749	9,168,814
Total	**2,616,845**	**$88,941,521**

The value of all business segments' sick leave banks was approximately $89 million.

From Exhibit 22, the value of all business segments' sick leave banks was approximately $89 million, of which $49 million, or 55%, is attributed to HRP, Fire and HRWC.

Higher accumulated sick leave banks may be attributed to a number of factors including:

➢ The rate at which individuals accumulate entitlements
➢ The tenure of the workforce (employees with longer services have been accumulating sick leave for longer periods of time)
➢ Any benefits at retirement which may result from having high sick leave bank entitlements
➢ The number of employees in each business segment.

The OAG is pleased to note FICT, through actuarial estimates, performs an annual calculation to estimate the sick leave liability and reports it in the annual financial statements.

Some business segments, despite having a greater number of employees, have an accumulated sick leave bank value less than segments with fewer employees. This may indicate a high use of sick leave or may be attributed to differences in accumulation rates and maximum thresholds. The OAG is pleased to note FICT, through actuarial estimates, performs an annual calculation to estimate the sick leave liability and reports it in the annual financial statements. A high level analysis by the OAG showed a similar liability was included in HRWC's annual financial statements; however, no such liability appeared on HPL's financial statements.

[22] For purposes of this Exhibit, data obtained by the OAG for HRM and HPL staff was as at July 31, 2013 and December 31, 2013 for HRWC staff.

Exhibit 23 below represents the percentage of sick leave on average, remaining in employee banks, by business segment and years of service. Through this analysis, the OAG noted which HRM business segments have the highest and lowest accumulated sick leave banks.

Exhibit 23 - Average Accumulated Sick Leave Banks (% of Maximum) by Job Tenure[*]

	Years of Service						
Business Segment	**0-5**	**05-10**	**10-15**	**15-20**	**20-25**	**25-30**	**30+**
CAO	81%	61%	59%	75%	76%	64%	83%
CRS	70%	58%	57%	74%	72%	73%	75%
FICT	77%	56%	68%	60%	65%	85%	78%
FIRE	69%	62%	66%	72%	77%	72%	70%
HR	81%	66%	70%	77%	83%	77%	88%
HRP	79%	68%	76%	69%	85%	87%	92%
HRWC	83%	88%	86%	87%	81%	88%	98%
LEGAL	69%	85%	73%	100%	100%	64%	
HPL	57%	40%	51%	51%	76%	67%	81%
P&I	75%	69%	65%	88%	91%	79%	100%
TPW	66%	51%	59%	51%	50%	57%	50%
TRANSIT	61%	35%	42%	43%	42%	51%	55%
Average	**70%**	**55%**	**62%**	**64%**	**70%**	**71%**	**72%**

*See footnote 22, page 48

Exhibit 24 shows the accumulation rate for HRM employee groups and the average per month usage of sick leave by employee age bracket.

Exhibit 24 - Employee Group – Average Monthly Usage of Sick Leave (Hours) by Age Grouping, 2010 – 2012

	Hours Earned per Month	**Age Grouping**						
		15-19	**20-24**	**25-34**	**35-44**	**45-54**	**55-64**	**65+**
Non-Unionized - HRM	10.50		1.51	2.84	3.25	3.55	4.25	3.16
Non-Unionized - HRWC	10.50			1.98	1.41	1.55	2.38	4.11
NSUPE 14	10.50	1.75	1.91	3.96	6.11	6.96	6.46	5.07
NSUPE 13	10.50		2.40	4.46	5.53	6.05	6.42	10.71
HRPA	12.00		4.58	5.48	5.95	4.50	3.89	
CUPE 108	12.00		2.76	10.22	12.12	12.40	15.53	10.41
IAFF	12.00		2.82	5.42	5.97	6.81	7.88	2.52
ATU	12.00		8.96	8.31	11.20	12.98	11.80	12.47
CUPE 227	12.00		1.51	4.43	5.53	5.06	7.89	
CUPE 1431	10.50		2.48	1.96	3.21	2.89	3.13	

Indicates, on average, sick leave taken at a rate greater than it is accumulated.

Most employee groups accumulate sick leave time at a rate greater than it is used resulting in building a sick leave bank. However two employee groups, ATU and CUPE 108, appear to have situations where the average sick leave used is greater than the accumulation per month (as shown in highlighted areas in Exhibit 24). Not only is the high use of sick leave by these employee groups a concern to the OAG, it also appears as much as 24% of all sick leave taken by ATU and 10% by CUPE 108 is taken without pay as it is coded in the SAP system as 'sick leave – no pay'.

Recommendations:

4.1.1 The OAG recommends HRM Administration review the use of unpaid sick leave by employee work group, identify the factors contributing to the need to take unpaid sick leave and determine if they relate to the purpose of the program.

4.1.2 Once the drivers or contributing factors have been identified (Recommendation 4.1.1), the OAG recommends HRM Administration establish processes and mechanisms to assist employees who are in these situations, as appropriate, with consideration of the objectives of the program and an overarching requirement to ensure value for taxpayer money.

4.2	Treatment of Accumulated Sick Leave Banks for Individuals Leaving the Organization

On completion of ten consecutive years of service, and in the event of death or retirement, employees are eligible for a "pre-retirement" benefit or, for some, payment for unused sick leave (CUPE 108, IAFF, ATU).

On completion of ten consecutive years of service, and in the event of death or retirement, employees are eligible for a "pre-retirement" benefit or, for some, payment for unused sick leave (CUPE 108, IAFF, ATU). These entitlements differ significantly across employee groups and have been summarized in Exhibit 25.

Exhibit 25 - Pre-retirement Leave[23] Entitlements, by Employee Group

	90 Day Pre Retirement*	6-month Pre Retirement**	Sick Bank Payout Option***	Lump Sum Payment****
Non-Unionized – HRM	✓			
Non-Unionized - HRWC		✓		
NSUPE 14	✓			
NSUPE 13	✓			
HRPA	✓			✓
CUPE 108	✓		✓	
IAFF	✓		✓	
ATU	✓		✓	
CUPE 227		✓		
CUPE 1431		✓		

*	Based on three calendar days per year of service to a maximum of 90 calendar days
**	Based on three calendar days per year of services to a maximum of six months
***	Employee groups have option of choosing either Pre-retirement Leave or 50% payout of the sick leave bank
****	Payable to the employee in trust for future medical expenses
	1,200 hrs in Sick Bank - $10,000
	900 – 1,199 hrs in Sick Bank - $7,500
	600 – 899 hrs in Sick Bank - $5,000
	300 – 599 hrs in Sick Bank - $2,500

Inconsistent Benefits Among Employee Work Groups

Based on the reviews conducted, the OAG noted a number of differences among employee work groups leading to inequities between and within employee groups. Matters include:

The OAG determined the total lump sum payment would have been $785,000 if all eligible employees left the organization as of July 31, 2013.

1. The "Lump Sum Payment" available to HRPA members on retirement. The OAG performed an analysis of eligible retirees from HRPA based on the 'Rule of 75'[24]. The OAG determined the total lump sum payment would have been $785,000 if all eligible employees left the organization as of July 31, 2013.

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[23] HRM Policies and Business Practices, April 2012, Page 87
All employees, after ten (10) years of continuous, permanent service shall, upon death or retirement under any of the provisions of the pension plans of Halifax Regional Municipality, be entitled to receive a pre-retirement leave with pay computed on the basis of three calendar days for each completed year of service at the daily rate of the then current salary. The daily rate is the annual salary divided by 365 days. All employees entitled to receive pre-retirement leave may elect to work all or a portion of the pre-retirement leave period and receive a lump sum payment for the pre-retirement period worked.

[24] The 'Rule of 75' is determined by calculating the sum of an employee's years of service and the age of the individual. The 'rule of 75' would begin at the age of the individual when he or she started with the organization. Employees eligible for the 'rule of 75' are defined within the pension plan as those employees in a Public Safety Occupation. (Public Safety Occupation includes all Police Officers, Booking Officers and Court Liaison Officers.)

2. Employees within CUPE 108, IAFF and ATU have the option, upon giving notice of retirement, of receiving pre-retirement leave of up to 90 calendar days or taking a lump sum payment valued at 50% of their accumulated sick leave bank. It is interesting to note, it appears if an employee is eligible for pre-retirement leave of 90 calendar days and is retiring with a full sick leave bank, there is approximately a 20% advantage to the employee to take the sick leave bank payout as opposed to the pre-retirement leave. Because of the high use of sick leave during their tenure, most employees in CUPE 108 and ATU opt for pre-retirement leave.

3. HRWC employees are entitled to up to six months pre-retirement leave compared to the three month entitlement for most all other employees considered in this review. The OAG questions the justification for the differences between business segments and employee work groups.

Recommendation:

4.2.1 The OAG recommends the Administrations review the variety of pre-retirement leaves available with consideration to both how they align with the sick leave benefit program objectives and provide justification for the differences by work group. The overall goal of the review would be to ensure inconsistency only occurs when there is a reasonable and justifiable reason for the inequity and to ensure the benefits offered are consistent with the objectives of the paid sick leave program.

4.3   Impact of Inconsistent Sick Leave Banking Incentives

Section 4.2 outlined the various sick leave entitlements provided to individuals upon leaving the organization through retirement.

Through this review, the OAG identified a likely correlation between entitlements available upon retirement and the average accumulated sick leave bank. Exhibit 26 summarizes, by business segment, the average accumulated sick leave bank per employee.

Exhibit 26 - Average Sick Leave Bank per Employee[25]

Business Segment	Avg. Bank per Employee (Hrs.)
CAO	523
CRS	598
FICT	626
FIRE	836
HR	624
HRP	826
HRWC	703
LEGAL	502
HPL	471
P&I	709
TPW	603
TRANSIT	382

It would seem to the OAG, a correlation exists between the lump sum payout HRPA members receive upon retirement and the use of sick leave.

On average, HRP has one of the highest accumulated sick leave banks per employee. It would seem to the OAG, a correlation exists between the lump sum payout HRPA members receive upon retirement and the use of sick leave. Employees with long tenures within HRP are also those who are increasing in age. Throughout this report, we have distinctly noted age as one of the driving factors of sick leave across the organization. Keeping this point in mind, it appears to the OAG, sick leave for HRP is not following the same trend as the rest of the organization. The OAG would then conclude the lump sum payout to HRPA members has a significant impact on the use of sick leave.

The OAG may also attribute the high average sick leave bank of Fire to the possible payout of 50% of their remaining sick leave bank upon retirement.

Significant Differences in Entitlements between HRM and HRWC

The OAG, through its review of the collective agreements related to this project, identified several different entitlements to pre-retirement leaves between HRM and HRWC. In the case of HRWC, not only is there a pre-retirement entitlement of up to six months

[25] For purposes of this Exhibit, data obtained by the OAG for HRM and HPL staff was as at July 31, 2013 and December 31, 2013 for HRWC staff.

(twice as much offered by HRM), but there is also an annual bonus given to employees who have limited use of sick leave in a given calendar year.

At HRWC, within the bonus plan for unused sick leave, there are various thresholds to this benefit outlined in the CUPE 227 and CUPE 1431 collective agreements. The OAG was advised this benefit has been extended to non-unionized employees at HRWC as well. Exhibit 27 outlines the annual non-use sick leave incentives offered to HRWC employees as well as the 2012 total annual payout, based on the number of absences.

Exhibit 27 - HRWC Non-sick Leave Use Incentive Program, 2012

# of Absences	Annual Entitlement	2012 Payout by HRWC
0 Days	$500	$37,000
2 Days or Less	400	31,200
4 Days or Less	300	11,100
Greater than 4 Days	-	-

During 2012, HRWC paid out $79,300 in non-use of sick leave bonus payments. The OAG compared similar employee groups at HRM and HRWC with a view to determining what value a similar program could have if implemented at HRM and HPL. Exhibit 28 below provides a comparison between comparable unionized and non-unionized employees for both HRM and HRWC.

Exhibit 28 – Average Annual Sick Leave Used (Hours) per Employee Group (HRM & HRWC)

	Average Annual Sick Hours Used Per Employee			
Employee Group	**2010**	**2011**	**2012**	**2013***
CUPE 108 – HRM	108.61	141.62	180.64	135.18
CUPE 227 – HRWC	52.45	50.70	71.89	83.51
NSUPE 13 – HRM	58.58	72.62	73.38	79.93
CUPE 1431 – HRWC	31.01	33.77	36.55	41.40
HRM - Non Union	46.31	37.42	43.10	46.75
HRWC - Non Union	21.35	21.93	18.74	25.22

*2013 data extrapolated – see Methodology section

The average annual cost of this program to HRWC over the period of review was $60,000 per year. The OAG questions if this is the best value to the rate payers and if it is, should it be contemplated for other business segments? The reason the OAG makes this comment is simply – if the purpose of sick leave is to compensate employees during times of illness, the HRWC program is resulting in one of two outcomes:

1. It compensates employees for not using sick leave
2. Causes employees to attend the workplace ill.

It would seem either of these outcomes is inconsistent with the stated outcomes of the sick leave policies, therefore the value for money is not supportable.

Having said this, if the position is taken, sick leave is no longer an indemnity benefit but is in reality seen purely as an entitlement, with little chance of change in the immediate future and the expected outcome of the payment for the low sick leave use program is to increase business segment performance; the value for money becomes obvious and the payments can be supported from a value for money perspective.

Clearly, HRWC employees on average, use considerably less sick leave than HRM employees (both unionized and non-unionized in comparable employee groups). For the period of review, the OAG analyzed like employee groups (CUPE 108 (HRM) to CUPE 227 (HRWC); NSUPE 13 (HRM) to CUPE 1431 (HRWC); non-unionized employees (HRM & HRWC)) and concluded, on average from 2010 to 2013, HRM staff used 119%, 99% and 99% more sick leave, respectively, in employee groups compared.

Based on the percentage of employees taking advantage of this incentive at HRWC, the OAG applied this incentive criteria to the above HRM employee groups. On average, this type of program for these HRM employee groups would cost HRM about $300,000 annually. However, the OAG estimates this type of program may also result in net increased annual productivity valued at $1.9 million (including an estimated 20% factor for benefits). If this same methodology was applied to the remaining employee groups, with an additional $350,000 of investment, HRM could see an additional $3.2 million in productivity (for a $650,000 investment, $5.1 million in available productivity could be achieved annually, a 7.8 times

multiplier).

OAG Not Advocating Monetary Incentives to Reduce Sick Leave Use

The OAG is not advocating the use of monetary incentives as a means to improve overall attendance management issues identified in this report, but rather notes this as an approach one business segment has used to deal with the (high) use of sick leave. The OAG suggests this could be considered until a new approach to collective bargaining can be developed and applied, and is suggested as an innovative approach to dealing with issues which have been many years in the making.

Recommendation:

4.3.1 The OAG recommends HRM Administration review the non-use sick leave incentive currently in place at HRWC and determine if it would be appropriate and beneficial, from a productivity perspective, to implement a similar model within other areas of HRM.

5.0   Attendance Support Programs - Overview

Increasing Use of Sick Leave

Throughout this report, regardless of the type of analysis done, the facts have consistently shown an upward trend in the use of sick leave at HRM over the period of review.

The OAG, through the analysis of the use of sick leave within HRM business segments, identified three distinct attendance support programs[26](ASP). Each program support document includes an overview of the intent of the respective program as well as guidance for supervisors to enable them to actively monitor and effectively manage employee sick leave usage.

Exhibit 29 - Summary of Existing Attendance Support Programs

Policy Owner	Title	Last Revision
HRM	Attendance Support Program	December 2008
HPL	Attendance Support Program	Circa, 2004
HRWC	Attendance Management Policy	October 1, 2000

The overarching themes of these programs are to:
- ensure attendance is maintained at an optimal level for service delivery,
- identify those employees who have unacceptable levels of absenteeism,
- using appropriate resources to support employees in achieving and maintaining regular attendance.

A review of the three programs currently in place identified the management training available and method of delivery of sick-leave-use data to respective managers. While each program has unique steps, the overall program approaches are consistent. Managers have been presented with program instructions regarding suggested steps to manage employees whose attendance falls below pre-established targets. Within each of the HRM, HPL and HRWC attendance support programs, the human resources group provides statistics to individual business segments and managers regarding the level of sick leave use for specific periods of time. Exhibit 30 provides a summary of current reporting thresholds,

Within each of the HRM, HPL and HRWC attendance support programs, the human resources group provides statistics to individual business segments and managers regarding the level of sick leave use for specific periods of time.

[26] Halifax Regional Water Commission Attendance Management Policy (Policy #6.05) October 1, 2000. An attendance support program is intended to eliminate excessive absenteeism by effectively monitoring all absences and maximizing regular attendance at work for all employees.

reporting frequency and reporting periods.

Exhibit 30 – Attendance Support Programs Summary (Currently in use)

	Sick Leave Percentage	Occurrence Threshold	Reporting Frequency	Reporting Period
HRM	% above employee group average	Fixed number >3 within 6 months, >6 within 12 months	Quarterly	Previous 12 months
HPL	% above employee group average	Fixed number >3 within 6 months, >6 within 12 months	Quarterly	Previous 12 months
HRWC	% above employee group average	Most Frequent	Twice yearly	Previous 12 Months

It is interesting to note, an employee missing one day and an employee missing five consecutive days are both considered to have a single occurrence.

Both the HRM and HPL plans use a two-standard or threshold approach for monitoring employee absenteeism. The first standard or threshold compares individual sick leave to the average of their employee group. If the employee exceeds the average they are flagged for attendance support. The second standard or threshold is a count of 'sick leave occurrences' by individual employee. It is interesting to note, an employee missing one day and an employee missing five consecutive days are both considered to have a single occurrence. Employees with an occurrence count above three in a six month period or six in a twelve month period are flagged for attendance support. When an individual's absences exceed the average for the employee group, or exceed the number of occurrences identified in the attendance support program, they are noted for potential discussions with their manager or supervisor.

The HRWC program does not set a specific occurrence measure, but rather advises managers to review the most frequent and lengthy absenteeism.

Concerns with the Quality of Data Used in Attendance Support Programs

The HRM attendance support program advises managers and supervisors "the quality of the data is only as good as the quality of the time sheets submitted for data entry".

The HRM attendance support program advises managers and supervisors "the quality of the data is only as good as the quality of the time sheets submitted for data entry"[27]. The OAG could not agree more; as the OAG has stated in previous work, good data is crucial for making effective management decisions.

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[27] HRM Attendance Support Program, December 2008

Through interviews and subsequent testing the OAG is aware the current HRM / HPL SAP occurrence data is not accurate for all employee groups.

The OAG was advised, for HRM, a new SAP report is in development for reporting occurrences correctly. This report along with a revised Attendance Support Policy, is to be introduced in the spring of 2014.

Both the HRM and HPL programs remind managers "the focus of this Program is the absences that are related to the employee's health but supervisors are responsible for monitoring all absences – paid and unpaid, approved or unapproved".

Both the HRM and HPL programs remind managers "the focus of this Program is the absences that are related to the employee's health but supervisors are responsible for monitoring all absences – paid and unpaid, approved or unapproved"[28]. Once again the OAG could not agree more with this statement as all non-planned workplace absences require appropriate management attention.

Exhibit 31 - Trending Sick Leave use by Employee Work Group, 2010-2013*
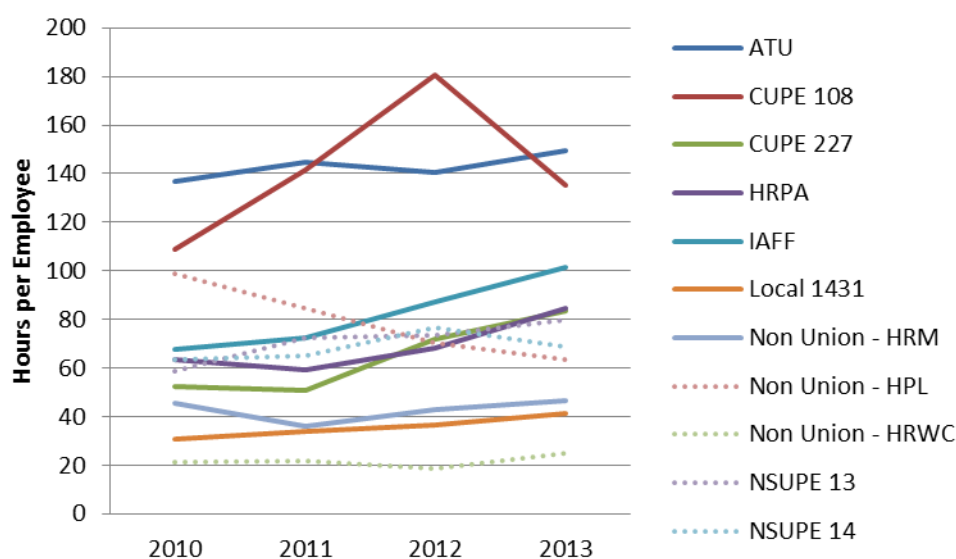
*2013 data extrapolated – see Methodology section

Overall, most employee groups' data has shown an increase in the average use of sick leave from 2010 through 2013.

As seen in Exhibit 31, overall, most employee groups' data has shown an increase in the average use of sick leave from 2010 through 2013. CUPE 108, even after factoring out a significant spike in 2012, remains on an upward trend. However the 2013 data shows a slight decrease from 2011. When TPW management was asked for the possible reason of the 2012 spike in sick leave data, no explanation was readily available. The OAG is encouraged to see the

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[28] HRM Attendance Support Program, December 2008

The OAG is encouraged to see the data for HPL non-unionized staff trending downwards over the four year review period.

During interviews with HRWC they advised the OAG they expected a drop in the use of leave for 2013 as former HRM CUPE 108 employees, now employees of the HRWC and members of CUPE 227, became eligible for the sick leave incentive offered to HRWC employees.

data for HPL non-unionized staff trending downwards over the four year review period, and the HPL unionized staff usage trended downwards in 2013.

As previously mentioned, the HRM data for 2013 was taken as at July 31, 2013 and extrapolated through to December 31, 2013. During interviews with HRWC they advised the OAG they expected a drop in the use of leave for 2013 as former HRM CUPE 108 employees, now employees of the HRWC and members of CUPE 227, became eligible for the sick leave incentive offered to HRWC employees. HRWC has reported, through December 31, 2013, a drop in CUPE 227 use of sick leave by 6.4%, from 2012.[29]

5.1   HRM Attendance Support Program – Current and Proposed Program Impacts

The three current programs in place speak to achieving and maintaining regular attendance or maximizing attendance, as essentially the expected outcome of the program. However, to the OAG, observing ongoing increases in the use of sick leave would suggest ineffective management functions to adequately monitor and correct current attendance issues and reduce the overall absenteeism throughout HRM's business segments.

Proposed Revisions to Attendance Support Programs

HRM has proposed a revised ASP to be implemented spring 2014. At the time of writing, the OAG was advised the proposed ASP, like the current program, will continue to compare employee absenteeism against their group average. If an employee exceeds the group average they would as before be flagged for attendance management. After reviewing this report in draft and during subsequent discussions, the OAG was advised by the Director of Human Resources, group averages are being reviewed again to determine if they are still an appropriate measure.

Exhibit 29 provides a summary of the three existing ASP in place throughout HRM, Exhibit 32 highlights the changes proposed for

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[29] This reduction is not reflected in the Exhibit 31 as the Exhibit is based on projected data as of July 31, 2013 which would not account for a change in trend.

release in the spring of 2014 (as suggested to OAG at time of writing this report.)

Under the revised HRM ASP, the occurrence calculation changes from a fixed number of occurrences to a floating number of occurrences based on the employee group.

Under the revised HRM ASP, the occurrence calculation changes from a fixed number of occurrences to a floating number of occurrences based on the employee group. The revised HRM ASP also changes the frequency HR provides reports to supervisors and managers and as well as the reporting period will change to the previous six months of data rather than 12 months as provided currently.

Exhibit 32 - Attendance Support Programs Current and Proposed Summary

	HRM Current ASP	HRM Proposed ASP
Sick Leave Percentage	% Above Employee Group Average	% Above Employee Group Average
Occurrence Threshold	Fixed number >3 within 6 months, >6 within 12 months	Flagged number above Employee Group Average
Reporting Frequency	Quarterly	Semi-annually
Reporting Period	Previous 12 months	Previous 6 months

The OAG is encouraged an additional 27% of CUPE 108 and ATU employees would be flagged for attendance support, as they tend to be the highest users of sick leave.

The OAG analysed at a high level the HRM 2013 attendance data, applying the proposed attendance management criteria to the data. The OAG is encouraged an additional 27% of CUPE 108 and ATU employees would be flagged for attendance support, as they tend to be the highest users of sick leave. Exhibit 33 provides a breakdown of HRM employees flagged or who would be flagged for attendance support under the current and proposed programs.

Exhibit 33 – Percentage Employees Flagged for Attendance Support – by Employee Group

Employee Group	Current Plan % of Employees Flagged	Current Plan number of Employees Flagged	Proposed Plan % of Employees Flagged	Proposed Plan number of Employees Flagged	Change
NSUPE 13	15%	93	46%	280	187
CUPE 108	32%	98	41%	124	26
IAFF 268	3%	14	40%	182	168
Non Union	7%	45	34%	225	180
ATU	31%	247	39%	313	66
HRPA	3%	20	35%	220	200
Total		517		1,344	827

Continuing Concerns with Demonstrating Value for Money

As the OAG has stated previously, value for money cannot be achieved if either inappropriate or too many inputs are used to achieve the resulting outputs. As the OAG has noted over the period contained in the Scope for this report, HRM has not managed to improve absenteeism with the current plan and current level and type of inputs.

With the proposed plan and the increased number of inputs which will be required, the OAG believes the changes may not lead to an improvement in areas where the largest use of sick leave exists. As the OAG has suggested, using too many inputs to achieve a low level of overall change (impact) is a very ineffective program with low value for money.

The reason the OAG is concerned is in part due to the estimated additional 827 employees flagged under the proposed new program. The management time (input resources) may be excessive (hence not cost efficient) to achieve improvements in groups which represent overall low levels of sick use compared to others. As Exhibit 31 shows, CUPE 108 and ATU groups represent the two highest per employee use of sick leave, yet under the proposed revisions to the program, of the estimated 827 additional employees flagged, CUPE 108 and ATU would represent only 92 more.

To illustrate, the OAG presents example employees in Exhibit 34.

Exhibit 34 - Example Employees (12 month period) – Current and Proposed Attendance Support Program Monitoring

	Employee Actual Data				Current HRM Program Threshold			Proposed HRM Program** Threshold		
	Group	Absent %	Est. Days*	# of Occurences (12 months)	Employee Group Absent %	Number of Occurrences >6 in 12 months	Flagged for Attendance Support	Employee Group Absent %	Employee Group Occurrences (Average)	Flagged for Attendance Support
Employee 1	ATU	9.10%	23	10	7.06%	6	Yes	7.06%	5.38	Yes
Employee 2	ATU	7.00%	18	4	7.06%	6	No	7.06%	5.38	No
Employee 3	NSUPE 13	1.73%	4	4	4.09%	6	No	4.09%	3.68	Yes
Employee 4	HRPA	2.06%	5	4	2.83%	6	No	2.83%	2.06	Yes
Employee 5	CUPE 108	7.31%	18	5	7.89%	6	No	7.89%	5.13	No
Employee 6	NSUPE 13	2.50%	6	4	4.09%	6	No	4.09%	3.68	Yes
Employee 7	Non Union	2.94%	7	4	2.75%	6	Yes	2.75%	2.16	Yes
Employee 8	Non Union	1.15%	3	3	2.75%	6	No	2.75%	2.16	Yes

* Estimate days calculated by taking absent % multiplying by 250 days following the Statistics Canada days lost per worker calculation.

** These numbers relfect applying the proposed HRM Attendance Support Plan retroactively to the 2013 data. The conditions of the program are as described by Human Resources at the time of writing this report.

With the current program, employees within ATU or CUPE 108 could miss approximately 7% of the time (approximately 18 days annually) and not be included under attendance management (Employees 2 & 5). Employees in other groups could be absent for as few as 7 days and be included (Employee 7). The OAG does not disagree with an employee missing 7 days being included within the attendance support program; however the OAG does find it disturbing employees with significantly more sick time are likely being excluded. This model allows an employee with a high (overall) use of sick leave employed within an employee group also with high sick leave use to go unmanaged while an employee with significantly less sick leave use would be considered for attendance support if the average of their group was low.

The example data for the "Proposed HRM Program" shows the two employees (Employees 2 and 5) within ATU and CUPE 108 having missed 18 days each, likely remaining outside of the attendance support program even under the proposed changes. Employee 8, having missed just three days would now be considered for attendance management support (based on occurrences above group average). It appears under the new program, significantly more employees would be flagged for attendance support, yet employees with the highest absences could still be excluded. This seems to be counterproductive and may not produce an effective or efficient outcome overall to HRM. Again, it is the opinion of the OAG, with only peer group monitoring HRM has accepted higher use of sick leave within particular employee groups.

With HRM only encouraging high sick leave use group members to be better than the average of their peers, the OAG feels, HRM Management is likely not addressing the real issues within the groups and is not working to improve the overall attendance of the organization. If they are accepting the high level of sick leave as consequence of, for example scheduling issues, the OAG would then be of the view management is not totally transparent and is not addressing the true issue (scheduling).

Significantly More Inputs Needed in Proposed New Plan

Within each of the attendance management programs discretion is allowed for supervisors and managers in determining if an

While the OAG of course sees benefits in encouraging better attendance across the entire organization – it would seem more efficient and effective to focus additional resources and time on improving the areas of greatest need, rather than having resources work to improve areas, when compared to corporate averages are not considered high.

As illustrated in Exhibit 34, Employee 2 missing 7% of the time within the ATU group, is not considered high; if that employee were in the non-unionized group, the time absent would be above the 2.75% group average by 155%.

In an effort to curb the annual increases in overall sick leave the OAG believes HRM must be innovative in its approach to attendance management.

employee should be considered for attendance management support, based on individual circumstances. However, under the proposed plan, the large increase in the number of employees suggests attendance management support will require additional supervisor and manager time and resources to meet and counsel employees. While the OAG of course sees benefits in encouraging better attendance across the entire organization – it would seem more efficient and effective to focus additional resources and time on improving the areas of greatest need, rather than having resources work to improve areas, when compared to corporate averages are not considered high.

The OAG understands comparing like groups of employees as one possible measure in improving overall work place attendance. However, using employee group averages (for hours of sick leave use and number of occurrences) alone does not necessarily improve the overall group, but rather only addresses the highest of users in the respective employee groups. As illustrated in Exhibit 34, Employee 2 missing 7% of the time within the ATU group, is not considered high; if that employee were in the non-unionized group, the time absent would be above the 2.75% group average by 155%.

Need for More Innovation to Increase Value for Money

In an effort to curb the annual increases in overall sick leave the OAG believes HRM must be innovative in its approach to attendance management.   HR should look towards not only using employee group averages but also consider corporate averages or other business segments in similar work environments (for example CUPE 108 to CUPE 227), in an effort to improve overall employee groups' attendance as well as individual employee attendance. The OAG believes benchmarking between similar types of work (for example mechanics regardless of union affiliation), rather than employee groups alone, would better allow HRM to track and manage occupational differences if this can be supported as a true driver. Using more relevant benchmarks along with corporate averages or fixed targets, will focus attention on the high use, regardless of whether the individuals are within a high average employee group or not. This will also allow for far more realistic performance targets to be developed. The OAG must reiterate from Recommendation 1.0.2, HRM must better understand the key

drivers of sick leave in the business segments and employee groups where sick leave usage is significantly above the corporate average.

While the OAG is pleased with the acknowledgement by HRM and HPL of the need to revise their current attendance support programs; in its draft form, without clearer objectives or intended outcomes, it is the opinion of the OAG, the revised HRM ASP is focusing on providing attendance support for low use users of sick leave instead of focusing on high use users. The incremental change in sick leave taken by employees will not be significantly improved by applying the new policy. As a result, the OAG suggests HRM's new ASP will not achieve value for money.

Recommendations:

5.1.1 The OAG recommends the Administrations work together to develop a common objective which can be further described in terms of outcomes for the attendance support program. All of the current leave entitlements made available to employees should then be identified and described under this program.

5.1.2 The OAG recommends the Administrations develop a universal approach to attendance management where the goals are improving overall attendance and understanding the unique drivers of increased use of sick leave within individual business segments and employee groups. As part of this recommendation, the OAG suggests HRM defer the implementation of the draft program and instead focus on working with HPL and HRWC to determine and articulate what the goals and objectives of the program are and how success will be measured.

5.1.3 Once Recommendations 5.1.1 and 5.1.2 have been implemented, the OAG recommends the Administrations develop sufficient and appropriate processes to monitor and report on the use of the entitlements provided in support of the defined program objectives.

5.1.4 If HRM Administration continues to implement the proposed ASP, the OAG recommends Management ensure the necessary resources are in place to monitor, address and counsel the increased number of employees flagged for attendance management within the proposed attendance support program.

Appendix A - Definitions, Abbreviations

Business Segment – Short Names

Short Name	Full Name
CAO	Chief Administrative Office
CRS	Community & Recreation Service
FICT	Finance and Information, Communication and Technology
FIRE	Fire & Emergency Service
HR	Human Resources
HRP	Halifax Regional Police Services
HRWC	Halifax Regional Water Commission (Halifax Water)
LEGAL	Legal and Risk Management
HPL	Halifax Public Libraries
P&I	Planning & Infrastructure
TPW	Transportation &Public Works Services
TRANSIT	Metro Transit Services

HRM Unions – Primary Business Segment and Employee Work Groups

Short Name	Full Name, Business Segment, Notes
ATU	Amalgamate Transit Union Transit Bus Operators, Ferry Operators, Bus Mechanical Staff, Coin Room
CUPE 108	Canadian Union of Public Employees – Local 108 TPW, Outside Workers, Equipment Operators, Facility Maintainers
CUPE 227	Canadian Union of Public Employees – Local 227 HRWC – Outside Workers
CUPE 1431	Canadian Union of Public Employees – Local 1431 HRWC – Inside Workers
HRPA	Halifax Regional Police Association HRP – Sworn Officers and Civilian support
IAFF	International Association of Firefighters FIRE – Firefighters
NSUPE 13	Nova Scotia Union of Public & Private Employees Local 13 Throughout HRM Business Units – Inside Workers
NSUPE 14	Nova Scotia Union of Public & Private Employees Local 14 HPL - Inside Workers

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Business Segment Specific Leave Types – Defined

Leave Type	Description
Chiefs Leave	Fire: Chief's Leave provides a means, for the Chief to allow members time off to attend any number of events, funerals, vigils, memorials etc. Meant mostly for the Honour Guard however, is at the Chief's discretion. HRP: Chiefs Leave is special paid leave granted at the discretion of the Chief of Police. Chief's Leave remains the sole discretion of the Chief of Police.
Non-Union Bonus Days	A performance incentive is available to all non-unionized staff. This incentive can be taken as cash or, upon approval, may be taken in time off at a rate of 1.5 times.
25 yr Vacation Days	A long services award (of five days) available to employees in the 25th year of service.
Winter Vacation Bonus	An incentive program where employees receive an additional five days of vacation for taking three weeks plus the bonus week between January 1 to March 31 or December 1 to 31 in the same calendar year.

Appendix B - Management Response

HALIFAX
REGIONAL MUNICIPALITY

April 8, 2014

Larry Munroe
HRM Municipal Auditor General
Belmont House, Suite 620
33 Alderney Drive
Dartmouth, Nova Scotia
B3J 3A5

Re: A Performance Review of Employee Absence Leave

Dear Mr. Munroe:

Thank you for providing the draft report **"A Performance Review of Employee Absence Leave"** for my consideration. I have reviewed the report and am in agreement with your recommendations. As with a number of your previous reports, this audit touches upon issues toward which we have already directed attention since the end of your review period in July 2013.

The service areas noted in your review as having particular issues, Metro Transit and Transportation and Public Works, have both implemented measures in an effort to address absenteeism. In addition, as you have detailed in the report, Human Resources is working toward implementing a revised Attendance Support Program in Spring 2014.

In 2013-14, Metro Transit focused on a number of initiatives which have helped to reduce absenteeism by close to one percent, or more than two days per employee in the ATU bargaining unit. These initiatives include more coordinated approaches to offering attendance support and establishing return-to-work activities. Specifically, Transit has:

- provided injured or ill employees with work opportunities matching their functional abilities to keep them in the workplace through modified or alternate duties;

- actively explored barriers preventing employees from returning to work;

- provided critical incident support to employees involved in traumatic situations;

- formally recognized employees who achieved exemplary and perfect attendance;

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- delivered training to supervisors and created a leadership development guide for supervisory and management positions;

- added a fitness facility at the Burnside Transit Centre, to complement the similar facility at the Ragged Lake Transit Centre;

- conducted workplace safety inspections at more regular intervals; and

- provided antimicrobial seat covers to bus operators to improve the hygiene and comfort of driver's seats.

Transportation and Public Works has implemented some initial measures to address absenteeism, and will develop further initiatives for 2014/15 and beyond.

I was encouraged to note from your report that aside from the service areas noted above the overall HRM average of days lost per worker positively compares to private industry, and is well below the public service standard. HRM Administration will build on this success, as well as continue to address the specific issues raised in your report, while maintaining our focus on transparency and accountability in achieving results.

Sincerely,

HALIFAX REGIONAL MUNICIPALITY

ORIGINAL SIGNED

Richard Butts
Chief Administrative Officer

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